Austria	Sch22	Indonesia	Rp2100	Oman	Or1
Bahrain	Din0.700	Iran	Rls160	Philippines	Peso30
Belgium	BFr38	Israel	IS2.80	Portugal	Esc140
Cyprus	C£0.90	Italy	L1700	Qatar	Qr5.00
Denmark	DKr10.00	Jordan	Fils.500	S.Arabia	Rls7.00
Egypt	E£2.25	Kuwait	Fils.500	Singapore	S$4.10
Finland	Fmk7.00	Lebanon	£S1.25	Spain	Pta145
France	FFr7.00	Lux	LFr38	Sweden	SKr10
Germany	DM2.50	Malaysia	Rm4.25	Switz	SFr2.80
Greece	Dr120	Morocco	Dh8.00	Thailand	Bt50
Hong Kong	HK$12	Neth	Fl3.25	Tunisia	Din0.850
Iceland	Ikr125	Nigeria	Naira10	Turkey	L800
India	Rup15	Norway	NKr10.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,829 Thursday April 27 1989 D 8523A

LEBANON
An eerie calm amid Beirut's shelling
Page 19

World News

Takeshita's financial aide kills himself over scandal

Japanese Prime Minister Noboru Takeshita's closest aide killed himself one day after Takeshita announced his resignation over the Recruit scandal. Page 20

Chinese defiance
Pro-democracy Chinese students defied official warnings and said they would march on central Peking. Page 5

Mauritanian riot
Rioters killed at least 40 people and wounded 700 in two days of attacks against Senegalese living in the Mauritanian capital Nouakchott. Page 5

EC student threat
European Commission threatened to withdraw plan allowing students to study in other member states. Page 3

Polish reform
Poland's parliament began debating an historic bill granting the Roman Catholic church legal status and ending more than 40 years of church-state strife. Page 2

Namibian arrests
South African-led forces handed 35 captured Namibian nationalists to UN peacekeepers as a goodwill gesture.

Soviet N-gag
Soviet authorities have drawn up new curbs on press reporting of accidents at nuclear plants. Page 3

Iranian spy claim
Iran named high-ranking officers and a senior foreign ministry official as being members of a US spy ring. Page 5

Soviets in SA
South Africa greeted first official Soviet delegation to the country since diplomatic relations were broken off in 1956. Page 5

Israeli shooting
Israeli troops shot dead two Arab boys aged eight and 16 in the occupied areas.

East-West traffic
East and West Germany are considering negotiating a unique air traffic agreement which would provide for the first flights between them.

Contaminated food
UK Government confirmed blackmailers were behind some of the growing number of contaminated baby foods discovered nationwide. Page 9

Pakistan's UN plea
Pakistan, accusing the Soviet Union of sending weapons into Afghanistan in violation of Geneva accords, urged UN Security Council to establish posts to monitor the flow.

Salvador rebels
Left-wing Salvadorean guerrillas are to begin a major military offensive to undermine the new right-wing government of President-elect Alfredo Cristiani.

Stalinist purge
More than 200 bodies of Stalinist victims have been found in a mass grave in the Ukraine.

Lucille Ball dies
US comedienne Lucille Ball, known worldwide as a dizzy, red-headed housewife in television's "I Love Lucy," died in Los Angeles, aged 77.

Business Summary

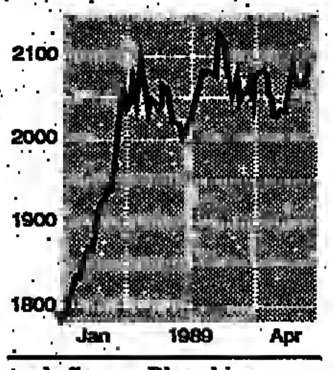
Boeing wins $15bn order from United Air Lines

Boeing, world's biggest jet aircraft builder, has won its largest individual order yet – for a total of 370 aircraft worth $15.74bn – from United Air Lines.

The deal comes within eight days of the previous record order from GPA, the Irish leasing company, which is to buy a total of 182 Boeing jets, including options, worth $9.4bn. Page 20

FT-SE 100-share index briefly moved through the 2,100 level before losing some of its steam after better-than-expected trade figures. Blue chips responded with substantial gains across the board.

FT-SE 100 Index



MOBIL Corporation, US oil company, is poised to announce disinvestment from its $400m South African refinery. Page 5

US economy expanded at a rate of 5.5 per cent in the first quarter of 1989. Page 5

GOODMAN Fielder Wattie, Australasian food giant under siege from Ranks Hovis McDougall of the UK, rejected RHM's $2.4bn takeover offer. Page 21

BRITAIN'S current account balance of payments deficit in March was the lowest since September. Page 8

SKANSKA, Sweden's largest construction company, is to acquire Slattery Associates, a New York-based contractor, for $28m. Page 22

BRITISH Aerospace has turned to the French state-owned Thomson-CSF for the seeker system on its latest guided missile. Page 6

FIRST National Bank, South Africa's largest banking group, lifted total advances by 11 per cent. Page 22

WEST GERMAN inflation has reached 3 per cent, its highest for five years. Page 3

ISRAEL Investors Corporation, subsidiary of Israel's Koor Industries, will realise up to $20m by selling its stake in the Jerusalem Post. Page 24

TIMES Mirror and Washington Post, two US media companies, have reported higher earnings from operations but lower net profits. Page 24

INSPECTORATE International, Swiss quality control group, unveiled a rights issue and forecast higher profits. Page 22

INTRUM Group, Swedish company which claims to be Europe's largest commercial debt recovery business, is to acquire Tnicol, a major UK competitor. Page 8

CRAY Research, the world's leading maker of supercomputers, broke even in the first quarter after customers postponed deliveries. Page 24

NESTLE, Swiss confectioners, said up to 25 per cent of registered shares were in foreign hands. Page 22

EGYPTAIR ordered seven more 260-seater Airbus A300 jetliners. Page 6

USX, Pittsburgh-based energy and steel company, reported near-doubling of first quarter net profits. Page 24

Gorbachev's purge of the Party is a marker not a milestone

By Quentin Peel in Moscow

MR Mikhail Gorbachev's dramatic purge of 110 "dead souls" at the top of his ruling Communist Party amounts to the latest step in a radical shake-up of the entire party leadership across the country.

As yet, however, it only clears the way for the election of a new generation to the central committee – the supreme policy-making body of the party. That event could still be postponed until 1991, when a full party congress is due.

Mr Gorbachev and his colleagues gave no hint that they were planning to bring the congress forward to an earlier date, in spite of the fact that many party leaders in the provinces are now excluded from voting in the party's top body.

The mass resignation of the 110, almost all of them leading figures during the rule of Mr Leonid Brezhnev, has also significantly shifted the composition of the central committee. Seventy-four full members have quit, only 24 junior (candidate) members have been promoted to take their place.

Representation of the military, for example, has slumped, with the departure of five full generals, and five full marshals, to be replaced by only one rising colonel-general. In particular, General Mikhail Moiseyev, the Chief of the General Staff, is not even a junior candidate member of the central committee yet.

The largest category of all in the list of retirements is that of former ministers, totalling 24, including one former prime minister – Mr Nikolai Tikhonov – and three one-time deputy premiers.

The list also includes Mr Andrei Gromyko, the former foreign minister who was promoted to the job of state president, until he stepped down for Mr Gorbachev himself last September.

The "dead souls" – so called because they had no official jobs left to justify their presence in the central committee – also included 12 former top members of the permanent party bureaucracy, such as Mr Boris Ponomaryov, who headed the international department of the central committee from 1955 to 1986.

There were two top officials of the Supreme Soviet, six senior Communist Party leaders from the republics (like Mr Geidar Aliyev, the former Azerbaijan leader, and Mr Karen Demirchyan, party boss in Armenia for many years), and 15 regional party secretaries, the pillars of the party establishment.

Only a handful of such party bureaucrats have been brought in to the central committee in their place. Of the 24 junior members promoted, the largest group consists of eight ordinary factory workers.

One of the reasons for the switch is that Mr Gorbachev's hands are tied by the system. Many of the new party leaders – six republican party leaders and no less than 88 regional secretaries – are not even candidate members of the central committee. They can only be elected at a party congress.

So why did Mr Gorbachev not announce an early congress? His lieutenant, Mr Vadim Medvedev, ideology chief in the Politburo, admitted that one key reason for the shake-up was the presence of all those party officials outside the central committee.

Continued on Page 20

Gold Fields fights on despite surge of support for Minorco

By Kenneth Gooding, Mining Correspondent, in London

MINORCO, the South African-controlled investment company, yesterday moved closer to winning control of Consolidated Gold Fields after receiving more support than expected for its £3.5bn bid for the UK diversified mining group.

Counting was still going on when Minorco ended a day of drama by announcing it owned or had acceptances in respect of 54.8 per cent of the Gold Fields' shares.

The City's immediate judgment was that this was enough to put irresistible pressure on the Gold Fields' directors to drop the US court case which prevents Minorco buying any more shares and taking up the acceptances.

However, Mr Rudolph Agnew, chairman of Gold Fields, said his board last night had unanimously decided not to abandon the US civil case.

He said the board had taken counsel's opinion. "That opinion was that, if the complaints we have been making against Minorco in the New York court were reasonable – and of course we think they are – we as a board are duty bound to pursue them to protect the company from damage.

"We would be neglectful of our duties and could be sued if we did not."

Gold Fields believes it unlikely that any concerted City campaign will emerge to press the board to change its mind about the court battle. Soundings by Cazenove, its broker, suggested that 26 of the 30 major Gold Fields' shareholders supported the company yesterday – including the two largest, Prudential Group and M&G.

Unless it can win an extension from the Takeover Panel, Minorco has 21 days to clear the US legal obstacles otherwise the bid would lapse, acceptances would be returned and Minorco would not be able to return with another offer for at least a year.

Minorco is almost certain to ask the Panel for an extension so that it can requisition an extraordinary general meeting of Gold Fields to put a special resolution about the US court action.

The number of acceptances declared yesterday – at least 24.9 per cent – to some extent defused a row involving Royal Insurance which attempted at the last moment to withdraw acceptances representing 0.6 per cent of the Gold Fields' shares.

Alerted by yesterday's report in the Financial Times that Royal intended to accept, some of its directors hastily called for the decision to be reconsidered. However, its withdrawal arrived too late and Royal's shares remained among the acceptances.

Schroders and Cazenove respectively scooped up 1.12m and 280,000 Gold Fields shares at £12.40 each early yesterday, at 0.7 per cent stake which otherwise might have gone to Minorco.

Sir Michael Edwardes, Minorco's chief executive, described yesterday's result as "a vote of confidence from our fellow shareholders which is greatly appreciated."

Mr Agnew presented the statistics in a different light, pointing out that, once the 30 per cent held by Minorco was discounted, holders of 64 per cent of the outstanding Gold Fields shares "rejected the bid and stayed loyal to Gold Fields."

He said: "It would be a sad day for Britain and the City of London if the fate of a company such as Gold Fields were to be determined by short-term speculators."

Minorco disputed his arithmetic and claimed that holders of about half the free-floating Gold Fields shares had accepted.

The forceful stance being taken by the target company was illustrated by the fact that Schroders last night formally asked the Takeover Panel "to investigate whether American Barrick Resources [a Canadian gold mining group which owns 1.6 per cent of Gold Fields] has any undisclosed arrangements with Minorco."

The Panel was also asked to look at recent price movements in Minorco's shares.

Lex, Page 20; Background, Page 21

US makes plans for possible intervention in Panama

By Lionel Barber in Washington

ACCORDING to a senior US administration official, the US is likely to wait to see if unrest erupts in Panama before deciding what action to take. The use of force to remove General Noriega from power has not been ruled out.

"There is a lot of opportunity for turmoil," the official said, drawing a parallel with the rigged Philippine elections in 1985 which led to the downfall of President Ferdinand Marcos.

The US lacks the same leverage in Panama, where for two years a mixture of economic sanctions and diplomatic pressure has failed to persuade Gen Noriega to step down as commander of the Panamanian Defence Forces and de facto ruler of Panama's 2.2m people.

Gen Noriega has survived by exploiting intergovernmental squabbling in Washington and US reluctance to use force in Panama, where 40,000 US citizens live.

But he has also played on Latin American fears that the US's real goal is to renege on the 1977 Panama Canal Treaties under which it is to turn over control of the canal to Panama by the end of the century.

Under the treaty, however, the US administrator of the Canal Commission is to be replaced at the end of this year by a Panamanian whose appointment will be subject to confirmation by the US Senate.

Mr James Baker, US Secretary of State, has warned that a Noriega appointee will not be acceptable. Officials concede that this spells a crisis over the implementation of the

Continued on Page 20

European Commission inspectors raid cement producers

By William Dawkins in Brussels

Ten of the European Community's leading cement producers have been raided by European Commission inspectors in search of evidence of possible illicit price fixing and production sharing.

Surprise visits took place yesterday and on Tuesday at companies in Belgium, France, West Germany and Italy, responsible for about half the EC's £4bn ($6.8bn) a year cement output.

No British companies were raided, possibly a reflection of the fact that the three main UK cement producers scrapped their own Government-sanctioned price fixing accord two years ago.

Commission anti-cartel inspectors photocopied documents at three French companies, Ciments Lafarge, the world's third largest cement producer, Ciments Vicat and Société des Ciments Française. French cement makers are the subject of a separate inquiry into market rigging launched last July by the French Government.

Dawn raids were also mounted at Cimenteries CBR, Compagnie des Ciments Belges and Cimenteries d'Obourg in Belgium; Dyckerhoff, Heidelberger Zement and Schwenk in West Germany; and Italcementi in Italy, the largest cement producing country in the EC's 150m tonne per year industry.

The inquiry, the latest evidence of the Commission's increasingly tough stance against all kinds of market rigging, comes just two weeks after the Commission staged dawn raids at six large chemicals producers suspected of

Continued on Page 20

Delors renews EMS debate in UK

By Philip Stephens, Political Editor, in London

The Delors report on European monetary union has reopened a high-level debate within the British Government on the possibility of full British membership of the European Monetary System.

Mr Nigel Lawson, the Chancellor, is said by colleagues to be concerned that if Britain continues to stay out of the EMS' exchange rate mechanism it will be in a weak position to influence the debate within Europe on the report.

That view is shared by Sir Geoffrey Howe, the Foreign Secretary, and by a number of senior officials in both the Treasury and the Foreign Office.

The report, produced by a committee of central bankers under the chairmanship of Mr Jacques Delors, the president of the European Commission, proposes a three-stage transition to monetary union.

It is thought that the Foreign Office has been privately assured by the Paris and Bonn governments that the second two stages could be "put on ice" if Britain agreed to the full EMS membership proposed by the report for the first phase.

There is no indication, however, that Mrs Margaret Thatcher, the Prime Minister, has dropped her implacable opposition to an early move to take sterling into the EMS.

Earlier this year she indicated that she was far from convinced that the exchange rate mechanism would survive the removal of capital controls which will accompany the creation of a single market by 1992. She also emphasised her view that it was impossible for the Government to set targets for both the exchange rate and inflation.

The renewed attention within the Treasury and Foreign Office on the EMS has been stimulated by both the Delors report and by continu-

Continued on Page 20

Nissan plans to double output in Europe over next ten years

By Kevin Done, Motor Industry Correspondent, in Tokyo

NISSAN, Japan's second largest automotive group, is planning to increase sharply its manufacturing capacity in Europe over the next decade.

Mr Yutaka Kume, Nissan president, yesterday outlined an expansion strategy which would double its production capacity in Britain to 400,000 cars a year by the late 1990s and more than double the group's production capacity for commercial vehicles and four-wheel-drive leisure-utility vehicles in Spain to about 200,000 units a year.

The expansion would allow Nissan to overtake Vauxhall, UK subsidiary of General Motors of the US, and challenge Ford for second place as a car maker in the UK behind Rover, the subsidiary of British Aerospace. It could make it the leading UK car exporter.

Mr Kume's disclosure came only a week after Toyota, Japan's largest automotive group and Nissan's main domestic rival, announced it would build its first European assembly plant in a £700m ($1.2bn) investment at Burnaston, near Derby in the English Midlands.

The Toyota plant is scheduled to begin production in 1992, with output rising to 200,000 cars a year by 1997-98.

"I hope to have 600,000 units a year production capacity in Europe by the late 1990s," said Mr Kume. "This is my prediction: 400,000 cars a year in the UK by the late 1990s."

Last year Rover built 450,666 cars in the UK followed by Ford with 375,542 and Vauxhall with 176,489.

Nissan began production at its £610m car plant at Sunderland in north-east England in 1986. Output is expected to total 75,000 units this year, rising to 200,000 units a year in 1992-93.

The group's planned expansion in Europe includes production of a new four-wheel-drive leisure-utility vehicle to be developed jointly in Europe with Ford of the US.

Ford and Nissan are already co-operating in the US on the development of a so-called people mover – a passenger-carrying minivan – which will be produced at a Ford plant in the US.

Mr Yoshikazu Kawana, Nissan director responsible for Europe, said a go-ahead for the project with Ford was expected later this year.

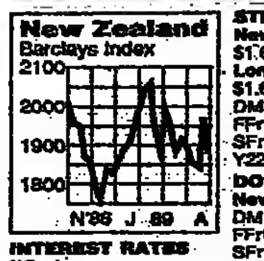
The planned multi-purpose vehicle would be produced at the Barcelona plant of Nissan Motor Iberica, Nissan's Spanish commercial vehicles subsidiary.

He said Nissan was planning to invest about Y100bn ($760m) in the Spanish operations in the four years to 1992.

Nissan was also considering developing a range of panel vans in the 1.8-tonne to 3.5-tonne class for production at its Spanish plant in the 1990s.

MARKETS

New Zealand
Barclays Index



STERLING
New York close
$1.6905 (1.68955)
London:
$1.6885 (1.7010)
DM3.1725 (same)
FFr10.7350 (10.7325)
SFr2.8000 (2.7975)
Y223.25 (223.50)

DOLLAR
New York close
DM1.87905 (1.86665)
FFr6.3595 (6.3185)
SFr1.6565 (1.6460)
Y132.075 (131.465)
London:
DM1.8785 (1.8650)
FFr6.3575 (6.3100)
SFr1.6580 (1.6445)
Y132.20 (131.35)

GOLD
New York latest
Comex June
$388.2 (-0.2)

INTEREST RATES
US close
Federal Funds $9\frac{11}{16}$% (same)
3-mth Treasury Bills: yield: 8.839% (8.80)
Long Bond: $99\frac{1}{32}$ ($98\frac{3}{32}$)
yield: 8.960% (8.950)
London
3-month interbank: close 13% ($13\frac{3}{16}$)

STOCK INDICES
New York close
Dow Jones Ind. Av. 2,389.11 (+2.20)
S&P Comp 306.93 (-0.26)
London:
FT-SE 100 2,093.4 (+22.2)
World: 144.66 (Tues)
Tokyo
Nikkei Ave 33,434.93 (+190.15)
Frankfurt
Commerzbank 1717.7 (+7.4)

OIL
Brent 15-day (Argus) $19.65 (-0.475) (May)
West Tex Crude $21.055 (-0.25) (June)

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Army casts a shadow over next month's poll in Argentina

If Carlos Manam, the Argentina army's preferred candidate, does not win the coming presidential election, its record over many years of coup and counter-coup suggests a military intervention cannot be ruled out
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EUROPEAN NEWS

Britain in fish quota protest

BRITAIN has sent a sharp letter to the European Commission defending new legislation preventing other Community natiooals registering fishing vessels as British boats, writes Tim Dickson in Brussels.

The provisions of the Merchant Shipping Act were introduced this year to outlaw the controversial practice of "quota hopping", whereby fishermen from other EC statea (notably Spain) use part of the fixed "catches" for certain species allocated under the common fisheries regime to their British counterparts.

The British law, which requires newly registered fishing vessels to be at least 75 per cent British owned, fell foul of the Brussels authorities hecause it discriminates on grounds of nationality and offends against the principle of free right of estahlishment. The Commission sent out a "reasoned opinion" saying Britain was in breach of Community law – a procedure which could lead to an action in the European Court.

Quota "poaching" has been a growing prohlem for some time, hut the tensions have worsened lately as key stocks in Community waters have been depleted hy overfishing.

The issue of whether an act of Parliament could be nullified by the European Court is causing concern in British Government circles and the outcome of the legal battle is being watched with close interest in Downing Street.

The British letter highlights damage to UK fishermen from quota hopping; puts forward several legal arguments to justify the legislation, notahly the link established by the International Geoeva Convention of 1958 between a vessel and state's flag; and it says other EC members have similar restrictions.

Brussels wants 4.4% rise in EC spending next year

By David Buchan in Brussels

A RISE of 4.4 per cent in European Community spending was proposed yesterday by the Enropean Commission, with more cash for poorer regions and new priorities like environmental protection.

The proposed 1990 spending budget of Ecu46.8bn (£30.4bn) is the first to be drafted since the three EC institutions – Commission, Council of Ministers and Parliament – last summer agreed five-year guidelines, the most important of which puts a lid on farm spending.

In fact, the Commission projects that agricultural spending next year will be Ecu3.8hn below its maximum limit. This is due to the beneficial twin effect of internal EC "stabilisers" and of relativaly higher international prices which have redoced the snbaidies needed to offload surplus European food on the world market.

Mr Raymond McSharry, the Agriculture Commissioner, had proposed giving member states the benefit of some Ecu3bn of the savings in his sector, hut was overruled by his Commission colleagues in the interest of keeping the overall EC budget (spending and receipts) lower than it would otherwise have been.

By accelerating farm-related rebates to member states the McSharry plan might have appeared to increase overall EC farm spending. A majority in the Commission feared this would be taken amiss by the Community's trading partners, at a time when the EC has promised in the Gatt talks to freeze farm spending.

Uoder yesterday's budget proposal, which must go through two readings by the Council of Ministers and the Parliament, the share of EC spending devoted to propping np farm prices would fall to 54.9 per cent next year, from 57.6 per cent this year and 61 per cent last. But out of this, the Commission proposes to set aside Ecu70m next year to help crack down on fraud.

The Commission proposes a 23.5 per cent rise in spending on environmental protection, while payments hy the regional and social funds to poorer regions would amount to Ecu11.5bn.

In macro-economic terms, however, the budget remains puny, accounting for around 1 per cent of total gross national prodnct of the Twelve and about 2.25 per cent of their total public spending. This was a point which the recent Delors Committee report used to underline its argument that the Twelve must co-ordinate their budgetary and fiscal policies if they want to achieve economic and monetary union.

Nato crisis 'is most serious yet'

By David Goodhart in Bonn

CONFLICT within Nato over the modernisation of, and negotiations over, short-range nuclear weapons had created the most serious crisis in the organisation's history, Mr Egon Bahr, tbe East-West strategist of West Germany's opposition Social Democrats, said yesterday

Mr Bahr, one of the architects of *Ostpolitik* in the early 1970s and still listened to with respect in many Western capitals, said incompetent strategic diplomacy on the part of the centre-right coalition in Bonn was an important factor behind the crisis.

"It is a scandal that the German Government two years ago demanded a comprehensive concept for European security over the next decade but then did nothing to prodnce one," he said. Although a supporter of negotiations over sbort-range nuclear weapons – rejected by the US and UK – Mr Bahr said he understood US exasperation with the Bonn Government.

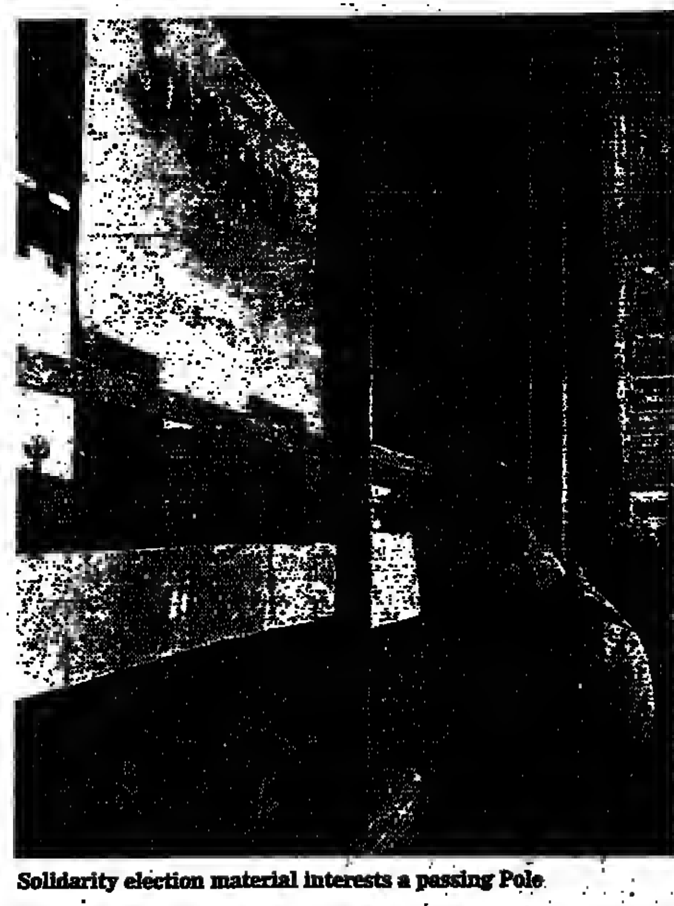
He claimed he could never remember a time when relations within Nato had been so strained, even during the arguments over inter-continental missiles in the late 1950s and when France partially withdrew from Nato. On these occasions the reality of a serious threat from the East had helped avoid a crisis.

Mr Bahr believes Nato's Lance short-range missiles sbould not be replaced with longer-range ones and claims the existing missiles will last at least another 10 years, not just until 1995 as is usually claimed.

Mr Helmut Kohl, the Chancellor, will today present a wide-ranging policy report expected to include an elaboration of the German position on Nato missiles. Some influential voices in the coalition, such as Mr Volker Rühe, are stressing Bonn's position as reported to Washington earlier in the week was only a starting point for negotiations.

Polish poll underlines power of the Church

By Christopher Bobinski in Warsaw



Solidarity election material interests a passing Pole

POLAND'S FREEST election campaign for 40 years began in earnest this week as 261 Solidarity hopefuls set off to collect the 3,000 nominating signatures each needs to qualify as a candidate for the June poll.

The newly legalized opposition movement aims to secure a comfortable majority of the 100 Senate seats, and the lion's share of the 35 per cent of Sejm (lower house) seats for which non-Communists may compete.

Putting the candidates' list together has at times been traumatic, and the process has brought the Catholic Church's power into sharp relief.

It is no accident that the only map prominently displayed in the Solidarity headquarters has the borders of the country's dioceses inked in.

The debates over whom to put forward has said much about how Solidarity sees its parliamentary role and the pitfalls it faces.

Mr Lech Walesa, for example, has resisted pressure to stand himself, sensing that should things go badly wrong and the parliamentary team gets too involved in the system, he could lose shop-floor credibility.

Right-of-centre opposition figures like Mr Alexander Hall, of Young Poland, argued without much success that the election should be fought by Solidarity in coalition with the smaller groups. There is a growing feeling on the right wing of the opposition that Solidarity is very much in the hands of its social democrats.

But the free market liberal group did manage to get more than a dozen names on to the Solidarity list, largely thanks to the fact that its leader, Mr Andrzej Machalski, is organising Solidarity's campaign.

Other small groups have had to choose between attempting to secure a place for individual activists on the official opposition lists, or deciding, like the radical KPN independence party, to stand against the official opposition candidates.

Several candidates enjoying the backing of the Primate, Cardinal Jozef Glemp, including a handful of Christian Democrats, have failed to win a place on the opposition list.

This has deepened the rift between the Church leader and Solidarity which has developed despite Mr Walesa's warm relations with the Pope.

But the Solidarity list does include members of the Catholic intellectual clubs, and in the small towns and the countryside, few Solidarity committees have risked putting up candidates who might be frowned on by local clergy.

Thus in a town north-east of Warsaw, a local lawyer had to be dropped when his admission that he was an atheist raised eyebrows among local clerics.

Another front-runner, a gynaecologist suspected of having conducted quite legal abortions, went the same way.

Given Solidarity's lack of access to the official media, the churches will inevitably play a major role. They are needed first to help people collect nomination signatures after Sunday services and then discreetly to remind parishioners whom to vote for.

Hungarian liberal with eyes turned westward

By John Lloyd

MR IMRE POZSGAY is the most prominent liberal now in the leadership of any ruling Communist Party.

The word is used loosely – of Mr Mikhail Gorbachev, for example – but is here used because there seems to be no other.

Since the beginning of this year, Hungary's Deputy Prime Minister has outraged many of his fellows in the Hungarian Socialist Workers Party (HSWP) by calling the 1956 revolt a popular uprising.

Then, 12 days ago, he conjured up – only to dismiss for the moment – the prospect of a split in the ruling party, and called for a much faster rate of economic and political reform. He is in the clear ascendant in the reform wing and is more popular in the country than the ambiguous and hesitant party leader, Mr Karoly Grosz.

In London yesterday to inaugurate a Hungarian cultural exhibit, he took a 90-minute news conference in the spirit of a man impatient for the reshaping of his country into a member of the European family of constitutional democracies.

Socialist states, he said, could be administered but not governed: the penetration of the party into every crevice of civil society had killed economics, civility and, in the end, politics itself. All of these had to be exhumed from their unquiet graves and massaged into vigorous, autonomous life.

The Hungarian central committee sessfon of February 10-11 had, he said, established the reform process as the party's programme, although there were plenty of conservatives at every level.

Since that was so, he would not advocate a split, for "in this case a power vacuum would be created in Hungary. Before other political forces could develop we would be left standing on the edge of an abyss." But if the party took a "Stalinist turn" he would be out, and the reformers with him.

He has some cause for thinking that things *are* going his way. A new constitution should be in draft form by June. It would function, he said, within a legal framework which would favour human rights above all else. Laws on *media* and religious freedom were being prepared or discussed. In both areas, the guiding principle is, he says, to create or re-animate autonomy.

His vision, which he thinks is shared hy the most vital spirits in the party, is for an HSWP prepared to compete for *and lose* power.

He takes one lesson above all from Poland in the early 1980s: "Through dictatorship power can be protected but a country cannot be made to function." For his own, increasingly dysfunctional, country he prescribes continuing massive doses of democracy.

A neutral Hungary would, he believes, cause the Soviet Union no problems now, and he has his eyes turned uninhibitedly westward. "Conceive of the present time as a corridor – at the end of it is the European Community."

For all of his roly-poly charm and his courage, he gives a sense of the fragility of his position: in his constant admission that he is exposed, at least within the party; in a throwaway comment that the "anonymous masses have not yet spoken – [though] when people cannot tolerate any more, they will burst out in rebellion." Mr Pozsgay wants to get thsre first.

Olivetti urges steps to restructure computer industry unhampered

By Hugo Dixon in London

EUROPE'S computer industry should be allowed to restructure itself without government intervention, Mr Vittorio Cassoni, chief operating officer of Olivetti, Italy's largest computer company, said yesterday.

Mr Cassoni said the industry would need to eliminate duplication through a series of takeovers and joint ventures if it was to regain its international competitiveness. "We are too many in Europe. Some of us will have to disappear."

However, he warned governments against intervening with the process. "My plea is to let natural forces play."

Mr Cassoni's comments, made at the Financial Times World Electronics Conference in London, come at a time of heightened speculation that Europe's computer companies are about to embark on a spate of corporate restructuring.

There is a perceived need to build larger cross-frontier organisations that can co-operate on research and marketing to prepare for the single European market in 1992. Mr Cassoni said Olivetti intended to be ona of the leaders of this process. ICL of the UK and Siemens of West Germany are frequently mentioned as other potential leaders.

Mr Cassoni criticised Europe's Governments for failing to buy enough computers from European companies outside their country. He said a European company's chances of selling computers to the government of another European nation were "basically nil" and the position had worsened in the past few years.

He urged the European Commission to press ahead with its deregulation of telecommunications markets throngbout the region, a policy that has recently looked as though it is running into problems.

Elsewhere during yesterday's conference, Sir Geoffrey Pattie, former British Minister for Information Technology, said the Community had to develop a policy to snsure inward investment did not lead to tha region being colonised by Japanese companies.

Interdependence in trade and technology was good, hut one-sided dependence and economic colonisation was bad.

Sir Geoffrey also sharply criticised the British Government's approach to inward investment. Britain's success in attracting investment hy Japanese companies was being bought "at huge expense" not just in terms of taxpayers' money, but also by harming the competitive prospects of companies operating in other European countries.

Hs hit out at the British Government's failure to invest enough in research and development, infrastructure, skills training and co-operation with other European nations.

Speaking on the first day of FT Conference, Sir Geoffrey argued that a European policy on inward investment should focns on the quality rather than the quantity of investment. The acid test should be a company's willingness to invest in R&D as well as manufacturing facilities.

He said he did not expect the British government to take the lead in formulating such a policy. "Indeed, we can expect the UK to continne to play mixed roles as branch manager of inward investment and half-hearted participant in EC-centred research."

He added: "In the absence of a wider, longer term view of the issues, I would expect the

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UK to continue to pursue a self-interested approach which will create johs of non-EC design in some places while destroying jobs of EC design in others."

Mr Franz Nawratil, director of Hewlett-Packard's European operations, took a different line on inward investment. Such investment had allowed Europe's electronica industry to become substantial

Inward investment created jobs, helped sub-contractors to flourisb, promoted exports, brought new styles of management to the continent and led to increased R&D.

Even so, he agreed there could be drawbacks if companies did not do research in Europa and called for "balancad inward investmant", which wonld consist of a proper spread between R&D, manufacturing, sales and local procurement.

A similar pro-competition stance was taken by Mr Michael Patsalos-Fox, a consultant at Mickinsey & Co in London. "The trick is to be able to use tha 1992 initiatives in the short term to create a more, rather than less, competitive internal market. The fundamental point here is that to create globally competitive organisations, the home base has to be a competitive one and nowhere better than in Japan do we see this illustrated."

Mr Ivor Cohen, a director of AB Electronics of the UK and the conference chairman, argued that the present trend to greater scale in the electronics industry was only a transitory phase. Once cross-border takeovers and alliances had heen constructed, companies would have to turn their attention to how these new groups could be managed in an innovative way.

Freedom Party leader confident

MR Jörg Haider, leader of Austria's far-right Freedom Party (FPOe), expects to be elected provincial governor of Carinthia with the support of the conservative People's Party (OeVP), junior partner in the socialist-led coalition government, writes Judy Dempsey in Vienna.

However, in an interview yesterday with the Financial Times, he denied suggestions that his election with OeVP help would precipitate the break-up of the Socialist-OeVP coalition in Vienna and hence an early general election.

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West German tax saga ends as a very short story

Haig Simonian in Frankfurt chronicles the brief and unhappy life of the country's withholding tax

FOR MR KARL OTTO POHL, the Bundesbank president, the saga of West Germany's 10 per cent withholding tax on most forms of savings and investments has been "one of the less brilliant pages" in the country's history.

Other leading bankers have been less generous. But all must be feeling delight now at the news, expected to be confirmed in a policy statement by Chancellor Helmut Kohl later today, that the four-month-old tax will soon be no more.

How soon remains unclear. According to Mr Michael Glos, the financial spokesman for the majority parties in the Bonn coalition, the tax should be dropped "as soon es possible." July 1 is the earliest likely date in view of the time it will take banks to re-programme their computers and make other necessary changes.

Abolishing the tax will involve a loss of about DM4bn (£1.3bn) in tax revenue, according to Mr Glos. However, the recent pace of economic growth and consequent rise in fiscal revenues suggests that the shortfall could "easily be financed", he said.

As a linked measure, Mr Glos has also called for a doubling in the threeholds for tax-free unearned income from the present DM300 and DM600 for single and married persons respectively, a step that would further reduce tax revenues by around DM500m if approved.

Equipping themselves to handle the highly unpopular withholding tax, which was announced to an astonished Bundesbank and financial community in October 1987, has cost West Germany'e banks some DM1.1bn, according to estimates from the country'e co-operative banking eystem. Dealing with abolition will cost a further DM100m, some bankers reckon.

Those figures exclude the cost to the exchequer of the new withholding tax headquarters in Trier employing 200 extra civil servants.

True to the West German tradition of regionalism, the city's representative in the federal Parliament called this week for the preservation of the jobs in view of high local unemployment and building costs "in millions".

Whether it was deliberate policy or just coincidence to site the withholding tax office in a city virtually on the border with Luxembourg - the destination of billions of D-Marks in flight capital since the tax was announced - remains one of the sweeter ironies of the affair.

Last year alone, West German net security investment into the Grand Duchy amounted to DM15.6bn, up from a mere DM400m in 1987.

Admittedly, the main beneficiaries of that flow have been West German banks. Deutsche Bank has seen the most dramatic gains. Its Eurorenta investment fund, which concentrates on investments in withholding tax-free Euro-DM bonds and fixed income issues in other leading European currencies, has now reached some DM8.3bn since its establishment in November 1987.

Eurorenta had the luck of being the right product at just the right time. But the other banks which have since come up with similar funds of their own have also seen almost as sharp growth.

But despite the benefit on the fund side, there will be few tears in the West German banking community when the tax goes. Its bungled announcement – newe slipped out during weekend horse-trading between coalition politicians in Bonn obsessed by the need to find extra revenue to bring down the Government'e budget deficit – was an indirect cause of the subsequent squabble with the US, which in turn contributed to the world stock market crash soon after.

The weeks of uncertainty about application of the tax and the precise treatment of interest payments further unsettled the markets.

Coupled with the crash, the tax was one of the main reasons behind the decision of several international investment banks either to slow their expansion plans in Frankfurt or to postpone them altogether.

Meanwhile, the withholding tax prompted a marked shift in investors' behaviour, as foreigners in particular cold-shouldered the D-Mark.

Unsettled by the uncertainty regarding what paper would be affected and by conflicting reports about double-taxation arrangements, one Japanese investment bank in Frankfurt was given specific instructions by its Tokyo headquarters not to buy any DM Eurobonds until further details emerged. Others probably heard likewise.

However, while Euro-DM bonds gradually returned to some form of normality once it became clear that paper issued outside West Germany would not be subject to tax, irrespective of whether the borrower had a German parent company, the market in federal government bonds has never entirely recovered.

The reluctance of foreign investors to buy them gathered momentum this year ae the D-Mark depreciated against the US dollar – partly as a result of the tax. Speaking last week, Mr Pöhl himself listed a weaker D-Mark, contributing to domestic inflation, capital flight and higher West German interest rates as being among its most serious consequences.

At their height in 1987, foreign investors accounted for up to 80 per cent of the purchases of each new DM4bn federal government bond issue.

The subsequent decline in buying has triggered rumours in Frankfurt that some of the foreign banks which were once so keen to join the government bond issuing consortium have since been having trouble placing their quotas as a result of the reduced appeal of the D-Mark and what were seen as unattractively low West German interest rates.

"For many banks without captive placing power, membership of the bond consortium has been almost-certainly been e loss maker recently," said one US banker in Frankfurt yesterday.

How matters will change after the tax is abolished probably depends on the performance of the currency. In the short term, another period of uncertainty is on the cards while the Government works out the details of dropping the tax and of how to treat of withholding tax payments already made.

But reaction in the banking community is already bubbling. Mr Alfred Herrhausen, chief executive of Deutsche Bank, welcomed suggestions that the tax would be dropped while expressing doubts that a harmonised measure covering the entire European Community might ever replace it.

A leading spokesman for the German Bankers' Federation took matters further by calling for an EC-wide abolition of withholding taxes.

But for those looking further ahead, the elimination of the tax may not be without its worrying side. Politically, the Government will no doubt try to sell its decision as a success. But some may find it hard to see Mr Kohl'e U-turn on this issue, as on military service last week and perhaps on nuclear reprocessing to come, as another nail in the coffin of an extremely accident-prone administration.

The decision to drop the tax could also cause problems for the West Germans at European level. Bonn's tacit support for an EC-wide withholding tax, a measure vehemently opposed by the UK and Luxembourg, has been warmly received by France, the country most concerned about capital flight following the eliminetion of exchange controls.

As far as the French are concerned, the West Germans now have some explaining to do.

Colourful tale of British breakfasts

By William Dawkins in Brussels

THE STUFF that gives some British kippers their rich gold colour could be outlawed by 1992 if the UK's more gastronomically sophisticated partners get their way.

Pink dye in British and Irish sausages and Danish hot dogs could go the same way if EC member states fail to heal a rift between themselves over just what colourings should be acceptable in Europeans' food.

The dispute is a revealing illustration of how traditional national tastes can complicate the drive for a single European market.

The source of the controversy, on the menn for a ministerial meeting next week, is a European Commission plan to give EC authorisation to the artificial colourings known as Brown FK (for kippers) and Red 2G, as used to give pork sausages that blushing pink tint so important to a proper Anglo-Saxon breakfast.

Without these artificial colours, kippers would naturally come out grey, while sausages would be bleached white by their preservatives, claimed an EC food expert yesterday.

If, as seems likely, ministers fail to agree, the UK and Ireland would have to rely on existing national food colouring standards, which are technically due to be phased out by 1992.

British kippers and bangers are hardly exported, since most other Europeans consider them barely edible, so the Commission sees no objection to letting the average Briton eat what he likes so long as it has an EC label on it.

However, five other member states, including West Germany, Italy and Belgium, are blocking the move because they cannot understand why anyone should want to flood meat with chemical colours, said an official.

The Danish hot dog's problems are different. It contains a colouring, erythroeine, declared by independent scientists to be mildly carcinogenic. For that reason, the Commission wants to limit its use to foods that cannot do without it – like Danish frankfurters.

Another in the same category is an orange colouring, canthaxathin, used in Strasbourg sausages and some kinds of chewing gum, and which can build up on people's retinas.

The same five countries object to the Commission's plan to restrict the use of these substances on the grounds that they should be banned completely. Officials are trying to find a solution for next week's meeting of ministers.

Inflation at highest for five years

By Andrew Fisher in Frankfurt

WEST GERMAN inflation has touched the 3 per cent level this month, its highest for exactly five years, according to provisional figures from the Federal Statistics Office.

The main reason for this month's increase is a rise in the price of heating oil and petrol, with motorists having become used to steady rises in the daily cost of driving.

Some analysts believe the Bundesbank's concern about the likely rise in inflation from 2.7 per cent in March was an important factor in its decision to lift key interest rates last week.

Thus, representatives of the state banks on the Bundesbank's 18-man council outvoted the seven members of the permanent directorate, headed by Mr Karl Otto Pöhl, on the issue a week ago.

The provisional figures are based on returns from four big states: Bavaria, North Rhine-Westphalia, Hesse, and Baden-Württemberg.

The half point rises in the discount and Lombard rates to 4.5 and 6.5 per cent were aimed at preventing further rises in inflation and at damping down the growth in money supply, still well above the 5 per cent annual target.

Brussels bid to open door for students

By William Dawkins

THE European Commission, resorting to a rarely-used tactic, yesterday issued a threat to withdraw a long deadlocked plan to allow students automatic freedom to live and study in other member states, because of continued wrangling between governments.

Mr Martin Bangemann, the Internal Market Commissioner, obtained the consent of his 16 Commission colleagues yesterday to scrap the plan if EC governments fail to agree in principle on a revised version at a ministerial meeting next Wednesday.

He is deeply frustrated at member states' inability to sink their differences over the scheme, tabled by the Brussels authorities 10 years ago.

All wage- and salary-earning EC citizens are guaranteed the freedom to live anywhere in Europe, under the Treaty of Rome. This plan aims to extend that same right to non-earners, mainly students, but also old age pensioners.

France could only accept the plan – which needs unanimous agreement – if foreign students provided proof they could support themselves.

That suggestion is blocked by Greece, which sends a high proportion of its students abroad.

Denmark and Britain, meanwhile, are unwilling to include pensioners in the directive, an objection once dubbed an "obscenity" by Lord Cockfield, Mr Bangemann's 72-year-old predecessor.

In an attempt to break the deadlock, Mr Bangemann is proposing that freedom of residence be allowed to students and pensioners on condition that they do not make social security claims in their new country and that they take out private health insurance before arriving.

Soviet reporting of N-accidents curbed

SOVIET AUTHORITIES have drawn up new curbs on press reporting of accidents at nuclear plants, Reuter reports from Moscow. In an article marking the third anniversary of the Chernobyl accident, Izvestia newspaper said it had been given a copy of a directive barring the Soviet media from revealing details of certain incidents.

Signed by the Minister of Energy and Electrification, the directive covers reports of accidents and breakdowns leading to material damage, casualties and "non-catastrophic" environmental contamination.

Two German states may establish air links

By Leslie Colitt in Berlin

EAST AND West Germany are considering negotiating a unique air traffic agreement which would permit flights between them across the East-West German border for the first time and the use of East Berlin's Schönefeld airport for West Berlin's international flights.

A senior West Berlin official said both German states were outwardly expressing uninterest in such negotiations in order not to "drive up the price" before they begin. "We are in a phase where both sides are playing a game of poker to see who pays for what," he said.

The negotiations between Bonn and East Berlin would have to take place under the aegis of the three Western Allies in Berlin and the Soviet Union. They remain responsible for all civilian and military flights in the three air corridors between West Germany and West Berlin.

An offer by the Western allies in December 1987 to open talks on improving the air traffic situation in and around Berlin was rejected by Moscow. But East Germany, in particular, is said to be keen to get the approval of the Four Powers for inner-German talks.

The East Germans are reportedly anxious to obtain permission for westbound flights across the East-West German border for Interflug, their national carrier.

Planned scheduled flights by Interflug and West Germany's Lufthansa to cities in East and West Germany would otherwise be forced to use a circuitous and costly flight path – entering from the Baltic Sea and Czechoslovakia – in order to avoid the Berlin air corridors which may only be flown by Allied and Soviet aircraft.

Both East Germany and West Berlin are interested a proposal to shift the city's international flights to Schönefeld just outside Berlin.

The new West Berlin coalition government of Social Democrats and Greens has scrapped plans to expand the city's Tegel Airport because of growing opposition to noise pollution.

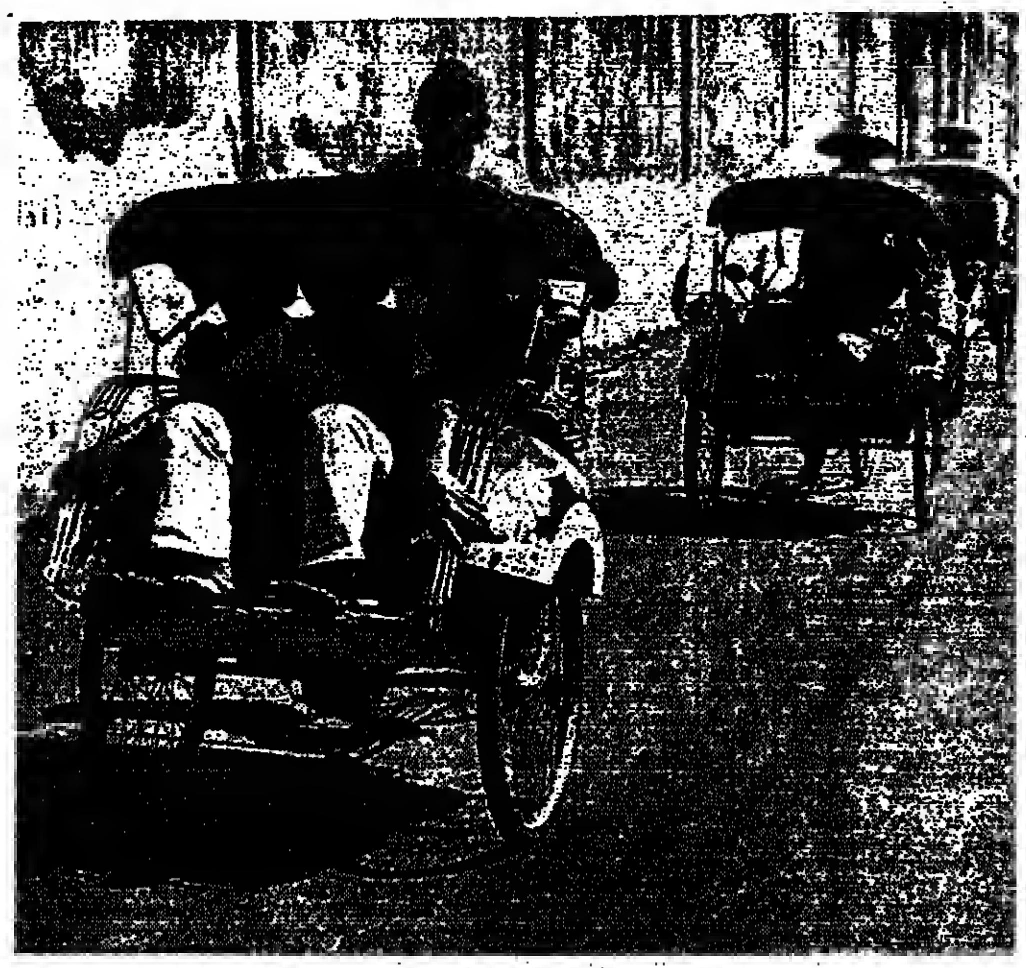
East Germany would receive West German aid in expanding Schönefeld to handle the added Western traffic which would bring the East badly-needed hard currency.

The biggest unresolved question, however, is how soon the Soviet Union will agree to the talks. The recent agreement with Moscow by Lufthansa to expand Moscow's Sheremetyevo 1 Airport and to study the possibility of leasing the giant Soviet Antonov 124 Russian aircraft for oversize cargo might help bring the Soviet Union to the negotiating table.

OVERSEAS NEWS

Indonesia's becaks - public bane or boon

John Murray Brown in Jakarta looks at the dilemma over a tricycle transport system



Becaks, the backbone of the urban poor's transport and services system, face a ban by 1993

"EXPLOITATION of man by man" is how Jakarta Governor Wiyogo Atmodarminto describes the "becak," Indonesia's three-wheeled pedicab. Today, if the bureaucrats at City Hall have their way, this tricycle transport system – first introduced when the occupying Japanese army ran out of horses – could be banished from the capital by 1993 as part of the city's revival plans.

The issue arouses considerable public interest. City politicians seem to talk of little else. Whether its the traffic congestion, the city's chronic overcrowding or the rising tide of lawlessness, the becak it seems is a ready-made culprit.

However, economists – including the World Bank – argue that becaks and other informal sector activities provide a valuable safety net at a time of job scarcity, government budget cuts and sluggish economic growth.

Jakarta's ills are typical of many cities where the provision of public service has been outstripped by the growth in population. Today's population is officially given as 7.5m, but is perhaps closer to 9m. Yet less than half the city's residents enjoy mains water supply. Transport and telephone services seem to get worse by the day.

A study of the Jakarta slums shows that 18 per cent of the consumption of the lowest income groups still derives from subsistence activities – catching fish in the canals, raising livestock on small plots of wasteland and using refuse material to build a home.

Clearly it poses a delicate problem for central planners in the government, who have long held that the public – not the private – sector is the great economic provider.

On the other hand a more accommodating policy towards the informal sector is hardly likely to please Jakarta's middle classes, now feeling the first pinch of the government's new tax regime.

Leading the assault from City Hall is Governor Wiyogo, a reluctant politician by some accounts but a man who strongly advocates the rule of law.

A refreshingly straightforward public servant, Governor Wiyogo has already challenged the children of senior ministers on a number of well publicised city planning disputes.

He has vowed to clean up Jakarta's beggars and vagrants, and is busy planning a new zones system to ease the city's horrendous traffic problem. Banning the becak, he says, is only part of the plan.

In some ways the growth of Indonesia's black economy represents a clear failure of the political system. The latest city blitz comes at a time when an estimated 40 per cent of the country's 175m people make a living providing each other with meagre goods and services.

In Jakarta the sector has flourished in precisely those areas where government-funded programmes have broken down. For example, in many of the city's poorer districts where there are no stand pipes, drinking water is now trucked in by local businessmen.

The becak operates in narrow sidestreets where the larger exhaust fuming minibuses cannot go. Also, Jakarta's highly developed privatised garbage disposal system, which employs thousands of street litter pickers, would be the envy of many conservative councils in the UK.

A report on the becak by a group of Harvard economists advising the Indonesian Finance Ministry urges the government to think again. It concludes the becak offers a cheap, efficient and pollution-free service for the sick and elderly, housewives doing the shopping or children going to school.

The Harvard Group calculated a becak rider earns as much as Rp140,000 ($79.2) a month. This is equivalent to more than twice the $500 yearly income of the average Indonesian. Moreover the savings he sends back to his village play a vital part in helping to redress the appalling disparity of wealth between urban and rural communities.

Ironically, Jakarta's alarming problem of overcrowding is partly the result of earlier successes in the agricultural sector. Now farm technologies have allowed Indonesia to reach self sufficiency in rice the basic staple. But as a result there has a sharp drop in real levels of rural employment adding to the flow of landless migrants heading for Jakarta.

Back in 1971, Jakarta was declared a closed city. Identity cards were introduced. There were police raids, and shanty-towns were burnt down. Production of new becaks was prohibited; spare part manufacture forbidden, no new licences were issued and special areas were established. From a high of 130,000 in 1971, the number of authorised becaks in the city had dropped below 10,000 by 1979.

After a shortlived reprieve, Jakarta's becaks are now under attack again with around 85,000 confiscated – 50,000 of them unceremoniously dumped in Jakarta bay.

For all that, government figures suggest that yearly migration from the villages has never fallen below 80,000. Today Governor Wiyogo points out it is more like 300,000.

The city administration is offering the becak riders a retraining programme together with the possibility of arrest or forced resettlement for those who defy the rulings. But even senior officials admit city hall is desperately short of funds.

"If we're successful in our development programme, then we attract outsiders," says Governor Wiyogo. "But Jakarta is our capital city, and as a capital city it's the responsibility of central government too."

Tamil talks prompt review of Indian support for Sri Lanka

By David Housego in New Delhi

THE INDIAN Government is reviewing its policy of military support for Sri Lanka as the result of its concern over the opening of talks between President Ranasinghe Premadasa and the Tamil Tigers, the major Tamil guerrilla movement in the north.

Mr Rajiv Gandhi, the Indian Prime Minister, spoke of the possibility of India withdrawing the "bulk" of its peacekeeping force as soon as possible. Mr S.K. Singh, the Indian Foreign Secretary, is to visit Colombo to assess changes in Sri Lanka policy and to urge President Premadasa to press ahead with implementing the existing Indo-Sri Lankan accord.

India fears that the talks between the Sri Lankan Government and the Liberation Tigers of Tamil Eelam (LTTE) could legitimise tha Tigers while undermining the newly created north-east provincial council headed by tha more moderate Tamil leader, Mr V. Perumal.

Mr Perumal, leader of the Eelam People's Revolutionary Liberation Front (EPRLF), cama to power as a result of November's elections, boycotted by the Tamil Tigers. He has the support of India whose 50,000 peacekeeping force is fighting the Tigers.

Mr Gandhi's threat of an Indian withdrawl is intended to remind Sri Lanka that the consequences would be to give the Tigers a free hand in setting up a separate Tamil state in the north.

As a counterweight to this threat, the Indian Foreign Secretary will aim to intensifying the Sri Lankan Government's support for the north east provincial council. The Indians want to see it given more autonomy as envisaged in the Indo-Sri Lankan accords.

Sri Lankans are suspicious that India has stopped short of eliminating the Tigers as a way of maintaining a foothold in their country.

OVERSEAS NEWS

Iraqis reap token spoils of war

Andrew Gowers looks at Baghdad's too-good-to-be-true changes

LISTENING to senior associates of Iraqi President Saddam Hussein these days, you would think that one of the world's most brutal despots had turned into a mild-mannered democrat.

The President, they say, flushed with what he sees as victory in the eight-year war with Iran, is setting out to reward his people with greater freedom. The country has a newly elected National Assembly with a mandate to criticise incompetent ministers. The people are being exhorted to complain to the newspapers about their problems. Constitutional reforms have been promised, involving the establishment of a multi-party system, larger powers for the Assembly, and eventual direct elections for the presidency.

It is all, of course, far too good to be true. Iraq is not Algeria, where genuine grass-roots pressure has brought about rapid liberalisation of a previously monolithic political system. If the atmosphere in Baghdad today is markedly less tense and gloomy than it was a year ago, that is because Iraqi soldiers have not for the last eight months been dying on the warfront, rather than the result of any political gesture by the President.

In short, Saddam Hussein's grip on the country is probably firmer now than it has ever been. The signs of uncertainty which initially followed last summer's ceasefire – including ructions within Saddam's inner circle after his son murdered a food-taster, and unconfirmed rumours of a coup attempt last November – have been banished.

Power continues to flow exclusively from the President's person. Insulting him or his family is a capital offence. Partly as a result of what is perceived as his war, when the people rallied against a common enemy, he has turned himself into the embodiment of Iraq.

Saddam Hussein's grip on the country is probably firmer than it has ever been. Power flows exclusively from the President's person and insulting him is a capital offence. Partly as a result of what is perceived as his war, when the people rallied against a common enemy, he has turned himself into the embodiment of Iraq.

Peace-time is no occasion for relaxing the guard, least of all in a country with Iraq's underlying religious and ethnic divisions. On the contrary, by holding elections for the rubber-stamp National Assembly at the beginning of the month, Saddam has set out to build another pillar of support for himself, alongside the army, the much-hated security services and the increasingly irrelevant Baath party.

The President would probably cite a number of reasons for maintaining the tightest of grips. *For a start,* peace with Iran has not formally broken out. The ceasefire that took hold last summer has not even been signed by both sides, and although it is not in danger of breakdown serious violations have been on the increase in recent months, *largely* as a result of provocation by Iran.

Saddam is also mindful of Kurdistan. His controversial campaign last year to put down the Kurdish rebellion – involving the widespread use of chemical weapons and large-scale population transfers – may have succeeded for now in pacifying the mountainous north-east of the country.

But the Kurds, many of whom have been resettled from their villages in new housing appended to larger Iraqi towns, are not likely to forgive or forget their recent experience. And Saddam is not leaving anything to chance: Iraqi troops have been clearing all inhabitants out of a 30km security belt along the Iranian frontier.

There is therefore no question of demobilising the 1m men still estimated to be under arms in Iraq. Recruitment to the militia known as the People's Army – which often used to be carried out by press gangs – has been halted, and some elderly or sick soldiers may have been retired. But conscription for the regular army continues at the same level, and the treatment of deserters when they are found probably remains as ruthless as before.

Apart from anything, it is open to question whether Iraqi society could stand the strains of a mass demobilisation. The armed forces do, after all, account for something *approaching half* of Iraq's adult male population. However much their families may want them back, allowing soldiers to return in large numbers would be a heavy jolt for a system now used to employing women and cheap foreign labour.

The second reason why Saddam is not about to embark on even a token relaxation lies in the economy, which is suffering more than anything in Iraq from an acute post-war hangover. The initial burst of confidence which followed the ceasefire has been eclipsed by a severe shortage of foreign exchange, sky-rocketing prices and increasing hardship for people on fixed salaries.

On the unofficial market in Kuwait, the Iraqi dinar has plunged to more than 2.5 to the dollar, close to its record low and less than one fifth of the official rate.

Inflation is impossible to estimate, because the prices of staples such as cooking oil, flour, tea and rice are fixed with heavy subsidies, and other goods can be bought at special prices if you are one of the huge army of public employees.

But rising prices – including a doubling in the cost of fruit, vegetables and eggs since price controls were lifted in 1987 as part of the Government's privatisation drive – have been giving rise to open complaints.

While middle-ranking civil servants find themselves having to spend perhaps two thirds of their monthly salaries on rent, the class of entrepreneurs who were able to buy privatised agricultural assets have become millionaires, according to the Baath party newspaper Al-Thawra.

In mid-April, the regime indicated sensitivity to this potential source of discontent by reimposing controls on food prices. An official statement, read over Baghdad radio, warned "greedy people" against exploiting consumers.

Coming at a time when the regime's programme of industrial and tourist asset sales appears to have quietly faltered, the move was a reminder that Iraq's commitment to encouraging the private sector has shallow roots. Such benefits as Saddam has bestowed on private business in the last two years, Saddam can also take away.

The essential problem, as one Baghdad-based diplomat put it, is that the President never ceases to tell his people that they resoundingly defeated Iran, but they have yet to see the fruits of victory. Nor are they likely to for the next four years at least, given Iraq's estimated $40bn debt to countries outside the Arab world, its large standing army and its heavy reconstruction needs.

Not that their political expectations can be that high. Iraq's 16m people are used to being ruled harshly, and are probably as bemused as outsiders by their President's recent attempts to cloak himself in democratic legitimacy. The fact is that even gradual liberalisation is virtually inconceivable in a system based so strongly on the prerogatives of one man.

Peking 'will not usurp role of HK banks'

By John Elliott in Hong Kong

A SENIOR Peking government official yesterday pledged that China's two main banks – the People's Bank and the Bank of China – would not try to usurp the role of the Hongkong and Shanghai Bank and other financial institutions after the British colony reverts to Chinese sovereignty in 1997.

Lu Ping, one of China's top two officials involved with Hong Kong's affairs, gave the assurance in a specially arranged speech to Hong Kong businessmen, which was unusually delivered in English. *His aim was to curb* a possible loss of international confidence over fears that China will upset Hong Kong's autonomy and prosperity after 1997.

Peking expected Hong Kong to become more prosperous, he said. "In this case, there is no need for us to interfere."

China did not intend to set up a branch of the People's Bank in Hong Kong "playing the role of the central bank." The Bank of China, which is building a dramatic new office block towering over the financial centre, would also not "take the place" of the Hongkong Bank, the colony's main financial institution.

It is significant that Lu Ping used a public speech to set out these pledges, which in the past have generally been made in private meetings. However, he is known to be on the liberal wing over Hong Kong's future and his views have sometimes been opposed by hardliners.

He said China needed a prosperous Hong Kong which could only be achieved by "Hong Kong people ruling Hong Kong." It was not Peking's policy "to export socialism to Hong Kong," nor to "apply socialist methods to the management of Hong Kong."

Lu Ping is deputy secretary general of the Peking committee which is drafting the Basic Law that will govern Hong Kong after 1997. He is in Hong Kong for two weeks with a delegation from the committee which is sounding out local opinion before preparing the law's final version later this year. Some weeks ago Peking asked senior businessmen to organise an event where he could speak in English.

Mobil Oil plans to pull out of South Africa

By Anthony Robinson

MOBIL OIL Corporation is poised to announce its decision to disinvest from its $400m (£235m) South African refinery and distribution operation in the face of pressure from anti-apartheid lobbies and the 1987 Rangel Amendment in the US which scrapped the taxation agreement with Pretoria.

This means that Mobil, along with the 131 remaining US companies such as Johnson and Johnson, Kelloggs, Caltex and Goodyear, have to pay US tax on their already taxed South African income.

According to banking and business sources Mobil's assets will be sold to Gencor, the mining, minerals, industrial and paper corporation controlled by Sanlaam, the Afrikaner financial, insurance and industrial conglomerate.

Mobil is the sixth US corporation to disinvest from South Africa this year following Hewlett-Packard, NCR, Control Data, IMS International and RJR Nabisco. It brings to 190 the exodus of US companies since 1983.

Those remaining include Caltex which employs 2,100 people and has among its other assets a 34 per cent holding alongside Mobil's 47 per cent stake in the Southern African Oil Refinery lubricating oils plant. This is sited next to Mobil's 65,000 barrel a day oil refinery at Durban.

Mobil's departure leaves Caltex exposed and also weakens the position of Shell and BP which are also under intense disinvestment pressure.

Mobil, which has been in South Africa for 92 years, employs 2,800 of whom over 1,500 are black. It has been in the forefront of black advancement programmes.

In September 1986 it set up the Mobil Foundation and pledged to give R40m (£9.5m) over five years for community development.

According to banking sources Mobil will lose heavily from the disinvestment, both in terms of purchase price and the fact that repatriation of funds will be through the financial rand at a heavy discount. The financial rand is currently valued at 24 US cents against 39 cents for the commercial rand.

For Gencor, however, the Mobil purchase "fits in beautifully with our expansion plans in the energy sector," Mr Derek Keys, Gencor chairman, said yesterday.

While cautioning that the deal has not yet been finalised by either board, Mr Keyes explained that Gencor needed trained oil industry personnel in view of its heavy involvement in the Mossel Bay offshore oil-from-gas project, its oil exploration interests together with Soekor, the state oil and gas exploration company and its longer term plans to build a R2bn oil-from-turbanite shale refinery.

Chas Freeman of the US, left, with South African negotiator Niel van Heerden and Soviet delegate Vyachislav Ustinov, right, at Cape Town airport yesterday

Cape Town greets Soviet delegates

By Anthony Robinson in Johannesburg

SOUTH Africa yesterday greeted the first official Soviet delegation to the country since diplomatic relations were broken off in 1956.

Mr Vyachislav Ustinov, leader of the Soviet delegation, arrived in Cape Town on the same flight as a seven-man US team led by Mr Charles Freeman, the acting assistant secretary of state for African affairs. Hot on their heels were delegations from Angola and Cuba, Pretoria's former enemies, who are now being welcomed as co-signatories of agreements which led to the end of the war in Angola, the phased withdrawal of Cuban forces and opened the way to Namibian independence.

The meeting of the five powers is the fourth since, at Pretoria's insistence, all the parties involved in the Angolan/Namibian imbroglio agreed in Brazzaville last December to make the two superpowers joint monitors and, de facto, guarantors of the complex agreements finalised in New York on December 22.

The first meeting took place in Luanda, the second in Havana and the third, an unscheduled emergency meeting, at Mount Etjo gamepark in the Namibian bush earlier this month. The Mount Etjo meeting was called to discuss precisely the kind of unexpected and unforeseen hitch that the so-called Joint Commission was set up to tackle – a massive incursion of armed Swapo guerrillas across the Angolan/Namibian border against the letter and the spirit of all agreements.

The Mount Etjo meeting confirmed the desire of all sides to press ahead with the timetable for Cuban withdrawal and Namibian independence under the terms of UN resolution 435. But once again Swapo, as ever the ghost at the banquet, refused to comply with the plan for its forces to give themselves up to hastily established UN monitoring posts before being shipped back north of the 16th parallel, over 100 miles from the border.

In a last-ditch effort to keep the linked peace and independence process on track, South Africa and the UN task force (UNTAG) agreed a revised plan under which Swapo forces still in Namibia will be allowed unhindered passage to the border while all security forces, including the feared former *Koevoet* (crowbar) counter-insurgency units, will be confined to base for 60 hours. The countdown began at 6pm last night.

Yesterday, hours before the "truce" began, the security forces handed over to UNTAG units 31 captured Swapo guerrillas for repatriation. Next month they, and all former refugees, will be allowed back in the country, without their arms, to take part in the election campaign. Nearly 280 Swapo fighters have been killed over the last month.

The main objective of this week's talks in Cape Town will be to cement relations between countries which a year ago considered each other as ideologically political and military foes and are now co-guarantors of a fragile peace.

Swapo backs mixed economy

By Michael Holman

AN independent Namibia would have a mixed economy if the South West Africa People's Organisation formed the new government, Mr Sam Nujoma, the party's leader, has told a London business conference.

In a speech read on his behalf at a meeting last Friday organised by Business International, a London-based business newsletter and consultancy, Mr Nujoma said Swapo "acknowledges the superiority of the socialist system" but added that "in the immediate future a Swapo government will . . . opt for a mixed economy".

Swapo is regarded by most observers as the likely winner of Namibia's independence elections, due to be held in November.

"A continued and significant role for the private sector is envisaged," said Mr Nujoma. "No wholesale nationalisation of the mines, ranches or other productive sectors is planned in the forseeable future. . . in instances where exigencies of the economy necessitate state acquisition of private property, fair and adequate compensation will be paid."

Mr Nujoma was critical of what he called "widespread irregularities and abuses in the mining industry" including overmining and transfer pricing. Under a Swapo government transnational corporations "will have to enter into new deals . . . setting strict codes of conduct".

Minerals, mainly diamonds, uranium and copper, account for 85 per cent of Namibia's exports.

The industry is dominated by Consolidated Diamond Mines, part of the South African based De Beers group; the Rossing Corporation, controlled by the *UK*-based *Rio* Tinto Zinc Corporation; and Goldfields Namibia, controlled by Britain's Consolidated Goldfields through its South African subsidiary, Goldfields of South Africa. The companies have denied allegations of malpractices in the mining industry.

Mr Nujoma added that Swapo planned "a renegotiation of the agreements governing the mining sector to increase state leverage" and spoke of "a new tax regime (to) tap part of the mineral surpluses for investment in other sectors of the economy, particularly agriculture". He did not elaborate.

Turning to agriculture, Mr Nujoma said Swapo would consider the expropriation of "some land, particularly the unused land, to meet the land hunger of the indigenous population."

Swapo had been holding meetings with a cross-section of the Namibian business community, said Mr Nujoma.

UK seeks EC backing over Kurds

By Edward Mortimer

BRITAIN has expressed concern about reports of Kurdish civilians being deported from their homes in Iraq, and is trying to get its European partners to exert collective pressure on the Iraqi government.

Last week at a meeting in Brussels of the Middle East Working Group – part of the European Political Co-operation process – the UK representative raised the issue of deportations from the towns of Qala Diza and Ranya.

Britain described the human rights situation in Iraq as "thoroughly unsatisfactory," especially in view of the failure of the UN human rights committee to discuss the matter at its recent meeting in Geneva.

But Britain's suggestion that Spain, as current EC president, be asked to make a formal approach to Iraq on the subject on behalf of the 12 was supported only by Denmark and Belgium. The opposition was led by France, which has close commercial and political ties with Iraq, although Mme Danielle Mitterrand, the wife of the French president, has shown interest in the plight of the Iraqi Kurds and has said she will visit Kurdish refugee camps during her visit to Turkey this weekend.

In the end it was agreed in Brussels only to ask the 12 ambassadors in Baghdad to compile a report. This decision does not satisfy the British government, which believes that pressure should be put on Iraq to clarify the situation as a matter of urgency.

Malaysian king takes oath

By Wong Sulong in Kuala Lumpur

SULTAN Azlan Shah of Perak state yesterday took his oath of office as Malaysia's ninth Yang Di-Pertuan Agong, or king, at a simple ceremony at the national palace in Kuala Lumpur, witnessed by his brother sultans and Dr Mahathir Mohamad, the Prime Minister.

Under Malaysia's constitutional arrangements, the nine hereditary Malay sultans elect one among themselves to be king every five years.

With 61-year-old Sultan Azlan as king, the first royal election cycle, started when Malaysia became independent from Britain 32 years ago, is now complete.

All the nine sultans have taken their turns to serve the kingship – traditionally a ceremonial post but one that has assumed considerable political importance in recent years in view of the bitter infighting within Dr Mahathir's ruling United Malays National Organisation.

The new king and Dr Mahathir are known to have strong differing views on many issues but it would be wrong to expect the relationship to be factious.

The former king, Sultan Mahmood Iskandar, was a strong critic of Dr Mahathir when he took office but by the time his term expired he was on the best of terms with the Prime Minister.

Nevertheless, pro-Mahathir newspapers in their coverage of the royal changeover have emphasised the importance of Sultan Azlan sticking to his constitutional role.

Meanwhile, the Malaysian bar council has filed contempt proceedings against Tan Sri Hamid Omar, the lord president of the Supreme Court.

Members of the bar, who voted overwhelmingly to cite Tan Sri Hamid for contempt, believe he acted improperly during the judicial crisis last year, which resulted in the dismissal of three senior judges, including Tun Salleh Abas, the top judge whom Hamid succeeded.

The new Malaysian king is also a former lord president.

ADB president to step down

By Richard Gourlay in Manila

MR Masao Fujioka, the president of the Asian Development Bank, has announced he will resign in October two years before his term expires.

The decision has taken officials by surprise but is unlikely to alter the bank's direction or weaken Japan's dominance of management.

Japanese and US directors welcomed the timing of the announcement in advance of the bank's board of governors annual meeting in Peking from May 4-6, where the issue of Mr Fujioka's management style was expected to have been an issue. Mr Fujioka has presided over eight years when the ADB's annual commitments to lend doubled to over $3bn (£1.8bn) in 1988. An ADB statement said Mr Fujioka was leaving after "one of the most dynamic and expansionary periods in the bank's [22-year] history."

However, some donor members, notably the US and Australia, have criticised the bank for being slow in responding to the changing needs of diverse economies and for moving too slowly away from traditional project lending towards World Bank-style "balance of payments support" tied to borrowers pursuing sound economic policies.

The ADB has also increasingly struggled to ensure a net flow of resources away from the bank to borrowers as Asia's newly industrialised countries have stepped up loan prepayments and cancelled drawdowns. Although Mr Fujioka volunteered his resignation – in October he will be 65 – some observers say his departure will remove a source of friction between Washington and Tokyo which was starting to grow out of proportion to other more important bilateral issues.

Officials in Tokyo have started looking for a replacement.

Resignation of Thai official 'not political'

By Roger Matthews in Bangkok

SENIOR Government ministers and officials in Thailand are seeking to quash speculation that the resignation of the country's top economic planner had been politically motivated.

The decision by Dr Snoh Unakul to quit after nearly 10 years as secretary general of the National Economic and Social Development Board had not come as a surprise. It had been rumoured for some months that he wished to devote himself to longer-term planning projects.

Dr Snoh had built up a formidable reputation in Thailand and internationally as one of the main architects of the country's rapid economic growth. He had previously served as governor of the central bank.

General Chatichai Choonhavan, the Prime Minister, praised Dr Snoh's devotion to his job but suggested that he may look outside the civil service for a successor.

Since the general election last summer, which brought an elected premier to power for the first time in 12 years, there have been hints of conflicts developing between the senior elite of the civil service and their political masters.

Peking students prepared for the worst

Peter Ellingsen on the demonstration taking place today in Tiananmen Square

CHEN WEI, one of the handful of young men directing China's 10-day-old campus rebellion, expected to be jostled, struck, even jailed when Peking students faced what many believed would be a massive detachment of police and army troops this morning.

Standing yesterday in balmy spring sunshine at Peking university's quadrangle, Chen (not his real name) explained there was no turning back from what was expected to be a confrontation with a Communist Party that had so far refused to listen to student demands for democracy.

"We are ready to make a peaceful protest, but if the authorities use force we're going to protect ourselves as best we can," he said. "I don't personally agree with this course of action, but since the decision has been made, I'll be there. I'm not afraid, and neither are most of my classmates. I'm ready to go to jail for this movement."

Chen, a 22-year-old post graduate student at Peking University, is associated with the student leadership that yesterday decided to defy the Government and march on Tiananmen Square today. After 10 days of demonstrations, this was expected to bring thousands of students into conflict with police.

Peking students read the editorial in the official People's Daily yesterday branding their continued pro-democracy demonstrations as "illegal" and "reactionary" but resolved to stay on strike and maintain their campaign for political reform. Posters at Peking, Qinghua and other universities in the capital called on students to ignore Communist Party criticism and assemble with banners at campuses at 8am today for a march into Tiananmen Square.

China's leaders met last night to plan their response and judging by yesterday's editorial in the People's Daily they were in no mood to compromise. According to the editorial, the newly formed student unions at several universities were "illegal organisations", formed to "fabricate rumours against the party and state leaders" after the death on April 15 of former party leader Hu Yaobang.

The passing of Hu, a liberal reformer sacked in the wake of student unrest in late 1986, sparked widespread demands by students and intellectuals for greater democracy, a review of Hu's record, press freedom and checks on the bank accounts of Chinese leaders and their families.

The People's Daily editorial said the student protests violated the constitution and were designed to challenge party authority. "Their purpose," the editorial said, "is to poison people's minds, create national turmoil and sabotage the nation's political stability."

THE pro-government Peking municipal students' federation yesterday declared the new student unions formed by protesters to be illegal. The federation said the establishment of the "so-called" student organisations did not comply with the law and were not approved by the state."

According to student leaders like Chen Wei, the editorial and the declaration by the federation were an attempt at intimidation.

However, he said: "About 90 per cent of students remain on strike, and we will continue until we achieve some sort of effective dialogue with the leadership. Last time [in December 1986 when protests were ended by police] we lost but this time we intend to win," said a 20-year-old Qinghua university undergraduate. Students at his college and others in the capital would join today's march. "We're not afraid because we know what we want," he said. "We are not opposed to the party, we want to purify it and ease it toward democratic reform."

Chen Wei said that though he backed student demands, he would prefer to continue the strike without a demonstration that might result in many serious injuries. But, he said, he and his colleagues would march in support of the decision of the majority of student leaders.

"Our parents support us," he explained, "but they are afraid that we will be hurt by the police. We think what we're doing is for the sake of freedom and justice. We must make a stand even though it will be very dangerous."

At least 22 die in Mauritania racial clashes

RIOTERS stabbed, stoned or clubbed to death at least 22 people and wounded 700 in two days of attacks against Senegalese living in the Mauritanian capital of Nouakchott, hospital officials said yesterday, Reuter reports from Nouakchott.

Troops were out in force in the city and in Dakar, capital of neighbouring Senegal, where Mauritanian traders and shops have been attacked since Saturday.

The violence in the two countries on the edge of the Sahara desert was sparked by a border shooting over disputed grazing rights on April 9 but has been fuelled by underlying economic and racial tension. Both governments appealed for calm and began repatriating victims who wanted to leave.

Over 300,000 Mauritanians, many of them small traders, live in Senegal, while 30,000 Senegalese, mostly seasonal workers, live in Mauritania.

Iran names spy ring members

IRAN yesterday named high-ranking officers and a senior foreign ministry official as being members of a US espionage ring, the exposure of which was announced last week, Reuter reports from Nicosia.

Mr Mohammad Mohammadi Reyshahri, the Intelligence Minister, told a Tehran news conference that Bahman Aqaei, foreign ministry expert on legal affairs, had been working for the US Central Intelligence Agency since 1983, according to the Iranian news agency IRNA.

He also named Brigadier Ardeshir Ashraf, colonels Bahram Ikani, Ali Gilani and Masoud Babaei, Commodore Kiyanush Bakhni and captains Touraj Riyahi and Ghahreman Malekzadeh as the senior officers in the ring.

BAe picks French missile partner, shuns Marconi

By David White, Defence Correspondent

BRITISH AEROSPACE has turned to the French state company Thnmson-CSF fnr the "seeker" on its latest medium-range air-tn-air missile in place of its traditional supplier for missile guidance systems, GEC-Marconi of the UK.

The deal, including co-funding of the project, is the first fruit nf a collaboratinn agreement which BAe and Thomson-CSF announced last December. The follnwing month GEC-Marconi linked up with Thnmson's French cnmpetitor, Electronique Serge Dassault (ESD), hoping to restore its chances of participating.

Despite its setback in the BAe missile project, the Active Sky Flash, Marconi will still be participating with ESD in the seeker for the Matra MICA (Missile d'Interception et de Cnmbat Aérien), designed fnr use on France's planned Rafale fighter and a cnmpetitnr for the Active Sky Flash on the world market.

This will result in a novelty in the defence business, and a clear illustration of growing arms collaboration between Britain and France: two Anglo-French systems competing against each other.

Seekers form a major cost element nf a missile system. The potential market in the US and Europe alone is estimated at tens of billions of dollars.

The BAe missile is being developed for export. Among obvious potential markets would be in Saudi Arabia for the air-defence Tnrnadn aircraft being bought under the country's £15bn-plus arms agreement with the UK.

The missile is based nn the Royal Air Force's current Sky Flash, itself a BAe development of the US Sparrow missile, with a Marconi semi-active homing system. A semi-active system requires the aircraft to illuminate the target with its radar, whereas an active system homes in hy itself and allows several targets to be engaged at once.

The original Sky Flash has been sold to both Saudi Arabia and Oman. It is also in service in Sweden, which is likewise planning a replacement.

The UK has no military requirement for the new "fire and forget" missile, since it is taking the US-developed Amraam (Advanced Medium-Range Air-to-Air Missile)

Testing time for UK's defence 'sale of the century'

Andrew Gowers, Middle East Editor, examines the outlook for Britain's huge Saudi Arabian arms deal

THE next few weeks will provide two opportunities tn gauge the health of what has become a vital commercial relationship for Britain, its trade with Saudi Arabia.

Prince Sultan bin Abdul Aziz, the Saudi Defence Minister, is expected to visit London during May to review progress in Britain's "defence sale of the century" – the multi-hillion pound deal involving Tornado and other aircraft, mine-hunters and base facilities which was Initiated in 1985 and expanded last July. Later, towards the end of the month, Saudi and British husinessmen are due to meet in Jeddah to discuss British investments in Saudi joint ventures to offset part of the value nf the Tornado deal, known as Al-Yamamah. The latter encounter may be just as important as the former for the future of UK-Saudi trade relations.

Offset requirements have for some time been part of Saudi Arabia's arms procurement policy, and something of a headache for those doing business with the Kingdom. British officials and businessmen are currently in the early stages of just such a headache as they puzzle out how to implement a programme which is supposed to generate at least £1hn of British investment in Saudi Arabia into the 21st century, or the equivalent of 25 per cent of the UK technical content (new hardware) of the Tornado deal.

A lot is at stake. Unlike Boeing of the US, which has a contractual commitment to offset 35 par cent nf tha technical content of its Peace Shield air defence project, Britain is not under any binding offset obligation. During three years of arduous negotiations with the Saudis, the UK Government fiercely resisted any attempt to create such a requirement, saying it could not force UK companies to invest.

The evantual result was a memorandum of investment signed last Novemher hy Prince Sultan and his British counterpart, Mr George Younger. This sets out the procedures under which both governments, through offset committees and secretariats set up hy their respective defence ministries, are to encourage their companies to come together in profitable joint ventures. It is more flexible than the Peace Shield offset programme, which focuses on high-tech defence-related projects and which has been slow to get off the ground.

But Saudi officials have left their British interlocutors in no doubt thet they will attach considerable importance to fulfilment of hard-won offset promises. It is conceivable that a failure to meet such expectations could have an impact on the implementation of the arms deal itself. What worries a number of senior businessmen and officials in London is the fact that there is little tangible evidence of progress to date.

The Tornado: headache over offset deals

It is, of course, early days. Ahead of the formal launch of the programme in the Kingdom at the end of May, Saudi businessmen express considerable curiosity about what will be on offer. Nor is it particularly surprising that either Government is taking some time to get to grips with such a large-scale operation.

Working in the programme's favour is the fact that British Aerospace and other contractors for the Al-Yamamah project will no doubt be encouraging their subsidiaries and their suppliers to get involved.

But when it comes to persuading other companies to join, a number of nagging concerns persist, both on the British and Saudi sides:

● Senior businessmen in the UK and Saudi Arabia, along with officials of British Government departments other than the Ministry of Defence, wonder why the UK end of the offset programme is being pursued in such secrecy. Those close to the offset office, the self-styled "marriage broker" for potential joint venture partners, claim that discretion is necessary because the Saudis have requested it, and for reasons of commercial confidentiality.

The Ministry of Defence appears particularly anxious to ensure that Britain does not lose viable projects, in a market which is not exactly overflowing with them, to other would-be investors. Others fear that by keeping publicity for the programme low-key, the Government is failing to get the message about investment opportunities across. "How are we going to convince the boardrooms of Birmingham to come up with cash if they are not being given adequate information about the programme?" asked one senior business representative.

● Many of those businessmen who are in the know worry about the bureaucratic difficulties which often arise in the Kingdom. The financial incentives to invest in Saudi joint ventures are potentially very attractive indeed, but many investors have in the past found the Government's red tape stifling.

The Saudi-British memorandum is supposed to bring about a major streamlining of these procedures: it sets a time limit both for initial approval of projects and for their final licencing; given that the approval process is to be carried out entirely through the Saudi offset committee itself, it also theoretically obviates the need for investors to pursue a laborious paper trail around Saudi ministries. But not everyone is convinced. Some Saudi merchants and British companies suspect that the offset committee will merely add another layer of bureaucracy, and would thus prefer to pursue their projects independent of the offset programme.

● There still seems to be some doubt on the Saudi side as to the seriousness of British commitment to the offset programme. Saudis repeatedly point to the fact that the UK Government is providing no financial incentives or tax breaks to encourage British companies to get involved. They mutter that Britain seems reluctant to give much in return for the large profits it is making on the Al-Yamamah deal.

This argument may be quite unjustified in the light of the activities of the Offset Office. A lack of financial incentives is almost certainly not the central problem to investing in Saudi Arabia.

But the fact is that such views are still being put forward, and could lead to unfortunate misunderstandings in the future. Mrs Margaret Thatcher will have to work hard to dispel the impression during Prince Sultan's visit.

EgyptAir announces $450m Airbus order

By Tony Walker, in Cairo

EGYPTAIR is to buy seven more Airbus jets costing $450m as part of the rapid expansion and modernisation of its fleet. Egypt's national carrier has now ordered 14 aircraft from Airbus this year.

The latest order, for A300-600R jets, has been prompted by the rapid growth in Egypt's tourism and the ageing of the existing fleet. EgyptAir, Airbus Industrie's largest customer in the Middle East and Africa, already has seven A300B4 jets and leases two A300-600s. Yesterday's announcement indicates that EgyptAir is moving away from Boeing which had hitherto provided the core of its fleet.

EgyptAir has selected tha International Aero Engines Company's V2500 engine for its Airbus A320-200s, Mr Nick Tomassetti, IAE president, said. The order is worth $120m.

Mr Tomassetti said this brought the total order book for V2500 engines to just under $2bn for 180 A320s (105 on firm ordar and 75 option) from seven customers.

● Thai Airways has ordered four aircraft from tha Franco-Italian consortium Avions de Transport Regional (ATR) and a further two from British Aerospace, Reuter reports.

No price was given for the ATR order, which comprises two ATR 42-320 and two ATR 72 planes, to be delivered in October 1990 and January and February 1990 respectively.

The planes will operate on Thai domestic networks, replacing Shorts 330 and 360 craft.

ATR includes Aeritalia and Aerospatiale.

The BAe order, worth £50m is for two BAe 146-300 regional aircraft, to be delivered in November and December.

Thai Airways has already acquired two 146-300s which it plans to bring into service in May and June.

BAe's latest contract brings to 156 the number of firm orders for the BAe 146 aircraft worldwide.

Phoney peace breaks out in US-EC clash over farm trade

By Nancy Dunne in Washington

PRESIDENT BUSH'S exhortion to "rise above fighting about beef hormones" and other "pettiness" with US allies has succeeded in reducing the decibel level of the US-EC disputes over agriculture trade.

But despite the calmer tone of late, negotiators have yet to resolve the conflict over farm trade between the two regions.

In the dispute over the EC's beef hormone ban, the US and the EC have thus far only delayed an escalation of the row. A task force was given 75 days to find a solution, bnt the only agreement in sight apparently is to extend the period of negotiations beyond the May 4 deadline.

The two sides are only now discussing the structure of the talks. Mrs Carla Hills, the US trade representativa, says there has been "some movement to some small middle ground" and there is a suggestion that the EC is willing somehow to boost its export of variety meats.

The US has rejected efforts by states to set up their own meat hormone inspection systems, and the American meat industry has resisted agreeing to set up a national certification system for hormone-free beef, insisting that it would be too difficult.

More important, there is the fear that caving in on the principle – that food safety should be determined by scientific evidence – would give an opening to Japan to sidestep its promise to open its market to US beef.

Mr Clayton Yeutter, the US Agriculture Secretary, has not budged from the position he held as Trade Representative, that there is no scientific basis to support the Community's hormone ban. At a press conference on Monday he said the US must run risks in a conflict over $100m of trade because "the principle is so important.

"If we permit that to occur, in the European Community or elsewhere, then we've opened up e gigantic loophole in the Gatt which will result in major impediments to agricultural trade throughout the world for years to come."

Meanwhile, time is running out on another farm trade dispute over EC oilseeds subsidies. Soyabeans and soyabean products are collectively the largest American export crop with sales of about $7bn a year. About half of the crop is exported each year with about 40 per cent of the exports going to the EC.

The American Soyabean Association (ASA) first filed a complaint against EC oilseeds snbsidies in December, 1987, contending that the payments to processors and farmers nullify and impair the duty-free access granted to US oilseeds in General Agreement on Tariffs and Trade (Gatt) talks in 1962. The ASA has said US soyabean sales to the Community have fallen by $1.4bn per year because the Community's subsidies boosted production by 300 per cent between 1981 and 1987.

The EC has been blocking action on the complaint in Gatt. Under last year's trade law the US must initiate trade reprisals if there is no settlement by July 5. Mrs Hills has insisted that if the EC continues to stall on a settlement, the US will take "very strong action."

The agreement in the international trade talks to start reducing trade-distorting subsidies starting in 1991 has raised hopes that ultimately rules governing farm trade will settle many of the time-consuming quarrels of recent years.

Speaking to agricultural journalists nn Monday, Mr Yeutter acknowledged that "we emerged from Geneva with no commitments of any consequence whatsoever to our farm community in the short run...There are no commitments by the European Community in 1990 that are meaningful either."

One egreement that promisad near-term results in Geneva was the strengthening of the Gatt dispute settlement mechanism. The soyabean dispute may provide its first serious test of whether or not the US and the EC can reach agreements on farm trade that are any more than bandaids on a festering sore.

AMERICAN NEWS

Farm recovery pushes US growth to 5.5%

By Peter Riddell, US Editor in Washington

ECONOMIC growth in the US outside the farm sector slowed slightly in the first quarter, though inflationary pressures remained strong.

The gross national product figures, published yesterday by the Commerce Department, were somewhat higher than financial analysts had been expecting, though growth may have slackened more during the quarter.

Real GNP rose by 5.5 per cent at a seasonally adjusted rate in the first quarter of this year, after a 2.4 per cent rise in the previous three months.

However, these figures were substantially affected by a recovery of crop and livestock output to higher levels as the impact of last year'e drought wore off. This pick-up added about 2.5 percentage points to firet quarter GNP, having reduced the previous quarter's rise by 1.1 points.

Consequently, the growth of non-farm outpnt slackened from 3.5 to about 3 per cent at an annnal rate. There were varying interpretations yesterday of how much of an underlying slowdown this implied, though recent data for durable goods ordera and housing starts has pointed to a slackening in activity.

Yesterday'e figures underline the inflationary pressures in the US economy with the GNP price index (on a fixed weight basis) increasing by 5 per cent in the first quarter, compared with a rise of 4.2 per cent in the previous three months.

In detail, there appears to have been a slowdown in private consumer spending in the period, especially on durable goods, and in residential investment, though continued strong growth elsewhere.

Levele of inventoriee or stocks rose sharply, both in the non-farm and particularly the farm sectors. Non-residential fixed investment also showed the largest increase since the second quarter of last year.

US financial markets showed a mixed reaction to yesterday's figures. The US Treasury bond market retreated from early gains of as much as ½ a point in reaction to the figures. At midsession, the bond market was modestly lower with short maturities qnoted unchanged and the long bond down ⅛ point for a yield of 8.96 per cent.

The dollar dipped in an initial reaction to the figures but then recovered. At midsession, the US currency was quoted at its highs against the Japanese yen at Y132.20 and just below its peaks against the West German D-Mark at DM1.8785.

Peronists call for dialogue to end crisis

By Our Correspondent in Buenos Aires

Mr Carlos Manem, the Peronist candidate for presidential election on May 14, has called on President Raul Alfonsin to start a national dialogue in order to help overcome Argentina's current economic crisis.

Mr Menem referred to President Alfonsin's nationally broadcast speech of last Friday in which he called for an "orderly transition" of government following the vote. Mr Gilberto Montagna, head of the Argentine Industrial Union (which groups the country's largest manufacturers), has called for a national agreement between political parties to solve an economic crisis of "such gravity as never before seen in the country".

Tension increased in Buenos Aires yesterday as more shops and supermarkets closed their doors in the face of apparently relentless price mark-ups by wholesale suppliers. Dock workers staged a 24 hour strike in support of a 30 per cent claim to cover April, and postal workers are considering further strike action in support of an immediate 50 per cent increase.

Army casts a shadow over Argentine poll

If Carlos Menem does not win, a rebellion cannot be ruled out writes Gary Mead

THE Argentine army'a record of conp and counter-conp casts an inevitable shadow over the election of a new president on May 14, raising qnestions about its behaviour once the result is announced.

The armed forces bave directly selected 13 of the 21 presidents since June 1943; and mostly from within their own ranks. Since the military deposed General Juan Peron in September 1955, nine different generals have moved into the presidential palace. The last left only six years ago.

But there is a new and for some a more alarming twist to what has been a fairly frequent blight on Argentine politics. The epaulettes and decorative sabres of generals are well inside the barracks; the restlessness comes from those who carry much less gold braid.

Since Easter 1987 Argentina has experienced three serious army rebellions led by colonels. The first two, under the control of now-cashiered Lieutenant Colonel Aldo Rico, were directed primarily at persuading President Raul Alfonsin's civilian government to put an end to trials of officers alleged to have carried out torture and murder on a large scale during the "dirty war" of the 1970s.

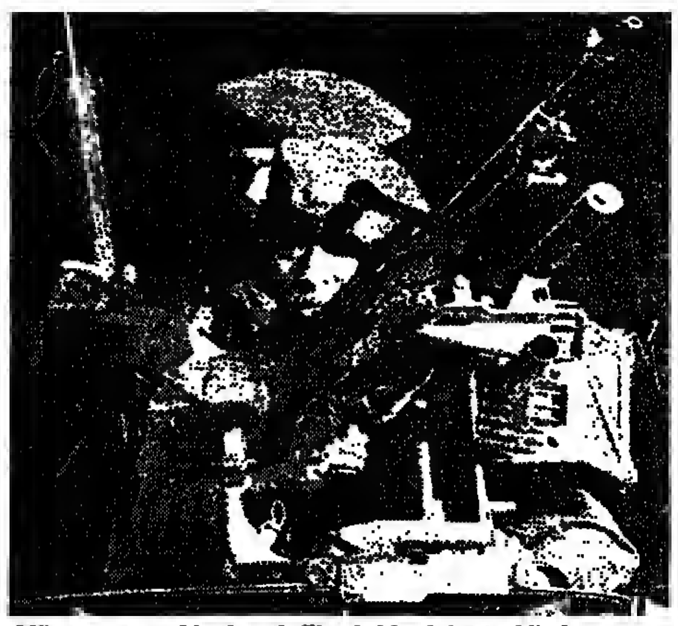
The last and most serious mutiny came under the direction of the more senior Colonel Mohamed Ali Seinaldin. In Decemher 1988 he clandestinely returned from a four-year stint in Panama as a military attaché and later as instructor to General Manuel Noriega's troops.

He swiftly gathered 800 elite troops of all ranks, digging in at the Villa Martelli garrison, 30 minutes from the presidential palace. There he set out demands ranging much further than an end to military trials.

He also asked for the promise of considerahly improved pay and defence budget allocations; the reinstatement of all officers cashiered or forcibly retired for previous and current mntinous action; the sacking of then army chief of staff General Dante Caridi; and perhaps most important of all and certainly dearest to the hearts of his supporters, a "revindication" of their roles during both the "dirty war" and the Falklands invasion of April 1982.

Col Seineldin got his way with General Caridi, who resigned three weeks later. He is now waiting, in the relative freedom of a Buenos Aires barracks, to see what May 14 will bring. His hope is Mr Carlos Menem, the Peronist candidate, will win sufficient support to he Argentina'a next president.

Col Seineldin and Mr Menem have already achieved an agreement which will give the



Officers on guard in the rebellion led by Col Seineldin last year

colonel precisely what he wants. While still in Panama he was in regular communication with Mr Menem, whose ideals are very much in the tradition of old-style Peronism – a strong Argentine state which welds workers, business and armed forces into an ideologically homogeneous unit.

Moreover Col Seineldin and his supporters have an undisguised loathing for the Radical Party, under whatever leadership. They argue it is is corrupt, tinged with left-wing ideology and has systematically run down the armed forces.

In return, Mr Menem would receive support from that powerful portion of the military which, although not prepared to rebel openly, is sympathetic to the nationalist principles which guide Col Seineldin's thought and deeds.

But Mr Menem cannot take much comfort from Col Seineldin's backing. A senior rebel officer in close touch with both Colonele Rico and Seineldin, said: "For us, Menem is the least worst candidate. We don't much like him, but he is much better than the Radicals".

The official army view of the election is expressed by Gen Francisco Gassino, who replaced Gen Caridi as army chief of staff. At the start of this week Gen Gassino repeated a call he made soon after he was appointed, that the army must stay neutral. The fact he has found it necessary to remind officers on more than one occasion they are supposed to be apolitical suggests there is cause for alarm.

Gen Gassino's reminder is, however, unlikely to be taken to heart by the bulk of the army, which clearly demonstrated last December that it has greater respect for Col Seineldin than for senior generals appointed by a civilian head of state such as President Alfonsin. If what might be described as the "alternative army" candidate does not win the presidency on May 14, Argentina could rapidly find itself with a fourth rebellion on its hands.

Mexico's foreign reserves stabilise

MEXICO'S foreign reserves have stabilised after falling 52 per cent to $6.6bn at the end of 1988 from $13.7bn in December 1987, the Banco de Mexico said in its 1988 annual report, Renter reports from Mexico City.

Mexico publicly announces its foreign reserves figure only three times each year, and officials routinely decline to give figures at other times.

About $2bn in flight capital is believed to have returned to Mexico in January and February of this year.

Bankers said Mexican reserves were a key indicator because of their implication for the $7bn financing gap cited by Mexico in its debt talks with banks.

The central bank said the heavy accumulation of reserves in 1987 was used to back the government's anti-inflation plan, by keeping the peso rate stable, which paid off in a reduction in inflation to 51.7 per cent from 159 per cent.

Mexico's trade surplus fell to $1.75bn in 1988 from $8.43bn in 1987, with exports unchanged at $20.7bn and imports up 55 per cent at $18.9bn.

Exports were stationary because oil sales fell to $6.71bn from $8.63bn, due to the average price falling 23 per cent to $12.30 per barrel. Non-oil exports rose 16 per cent to $13.95bn.

The central bank said imports rose in large part because of increased food import requirements due to smaller domestic crops. It said consumer items rose 150 per cent to $1.9bn bnt noted this accounted for just 10 per cent of the total.

The 1988 current account balance of payments swung into a $2.9bn deficit from a $3.97bn surplus in 1987, in part because of an increase in interest payments to $8.9bn from $8.1bn in 1987.

The capital account deficit widened to $3.4bn in 1988 from $576m in 1987. Long-term capital flows showed a $593m deficit after a $4.47bn surplus, while the short-term deficit narrowed to $2.77bn from $5.0bn.

Peru miners due to start strike

By Veronica Baruffati in Lima

THE Peruvian Federation of Miners, Metallurgical and Steel Workers is due to begin a 72-hour strike today in protest at the Government'e failure to comply with the agreement reached with the miners at the end of the last strike on December 12 last year.

The 80,000 miners are demanding the recognition of their right to present industry-wide demands, and the reinstatement of miners who were dismissed during last year's two strikes and the awarding of holiday benefits.

Miners are also demanding an inquiry into the hrutal assassination in February of former Federation president Mr Saul Cantoral, which has been attributed by the miners to the Commando Rodrigo Franco, a death squad linked to the ruling American Popular Revolutionary Alliance (APRA) party.

Federation leaders have requested more information on the circumstances surrounding the deaths of other miners' union leaders this year.

Unions protest in Venezuela

By Joseph Mann in Caracas

VENEZUELA'S most powerful labour group, the Federation of Venezuelan Workers (CTV), has launched an aggressive public campaign aimed at softening the economic adjustment programme implemented by the administration of President Carlos Andres Perez.

The CTV, which, ironically, is controlled by members of Mr Perez'e Democratic Action (AD) Party, is openly confronting the administration, asserting that its "foreign-inspired" economic programme has unleashed an unprecedented wave of price increases and unemployment.

The union group has called a nationwide one-day work stoppage for May 18 to protest against the economic measures, despite a warning from President Perez that actions of this type could lead to "collective suicide".

Venezuela signed a letter of intent with the IMF after announcing its economic plans, and hopes to obtain several billion dollars in support from the Fund.

Brazil poll favourite has yet to join the race

By Ivo Dawnay in Curitiba

GOVERNOR Orestes Quercia, of Sao Paulo, is the only major figure from Brazil's dominant Democratic Movement Party (PMDB) capahle of winning next November's presidential elections, according to the most comprehensive poll to date.

But only two days before the party's convention meets to decide its candidate in Brasilia, the reticent governor is continuing to pledge his support for the PMDB's veteran leader, Mr Ulysses Guimarães - universally written-off by polls and pundits alike.

According to interviews with a 10,400-strong sample of electors conducted by the Folha de Sao Paulo newspaper Mr Quercia - should he run - would command the support of 18 per cent in the crucial first round of a 10-candidate race. Brazil's new electoral system for the first free presidential poll in 29 years follows the French model with a second round run-off between the two candidates with the most votes.

If the governor declines and Mr Guimarães wins the nomination, the party president would come a poor fourth with just 7 per cent of the vote.

The biggest shock in the poll is the continuing rise in popularity of Mr Fernando Collor de Mello, the young governor of the tiny north-eastern state of Alagoas, who has earned a nation-wide reputation for sacking or cutting the wages of local hureaucrats.

UK NEWS

Egypt requests more documents on Al Fayeds

By Tony Walker in Cairo

EGYPT is requesting further formal documentation from Britain before it will consider co-operating in a British police investigation into the background of the Fayed brothers, owners of the House of Fraser stores group, according to reports in the semi-official Al Akhbar newspaper.

The reports said that Egyptian co-operation would depend upon on a formal approach from Britain's Attorney General. The British embassy in Cairo has been acting as a channel for requests for assistance from Egypt's Ministry of Justice.

Two detectives from the Serious Fraud Office left Egypt late last week after making little progress in their attempts to assess the substance of the Fayeds' claim that they came from a wealthy ship-owning Alexandrian family. The brothers have insisted that they funded the £615m takeover of House of Fraser, which includes the Harrods store in London, substantially from their own resources.

The Egyptian Prosecutor General is also understood to be asking for additional evidence to be provided in this sensitive case which is already provoking widespread comment in the local press.

Mr Mustapha Amin, an influential columnist in the mass circulation Al Akhbar, wrote last week: "We don't care if the Fayed brothers started from zero or they were the sons of pashas [noblemen]. All that we care about is that the three Egyptians have been able to buy the largest store in England."

Mr Salah al Fayed, one of the Fayed brothers, told the Financial Times in Alexandria that the detectives had visited his offices in Cairo but had not sought to interview him.

Detective Chief Inspector Graham Gooch and Detective Sergeant Ken Martin arrived in Cairo on April 8 after receiving an offer of assistance from Egyptian Interpol. But the police officers found that higher levels of the Egyptian bureaucracy were unprepared for their arrival.

They were advised by Mr James Adams, the British ambassador in Cairo, to return to London and await developments.

Insurers to trade risks on screen

By Nick Bunker

TEN leading companies in the Lloyd's of London insurance market have agreed to begin trading insurance risks electronically next spring.

They will start a pilot scheme, using a system called Contract Data Exchange, on April 1 1990, said Mr Robert Mackenzie, a director of the D.P. Mann Underwriting Agency, one of the companies.

The agreement follows the creation by D.P. Mann of a prototype C-Dex system for screen-based interchanges of data on individual risks between insurance brokers and Lloyd's underwriters.

The system is the most radical of experiments in the London insurance market aimed at automating transactions.

A Lloyd's information technology company called Northdoor Group will spend about £750,000 developing a production version of the system, said Mr Mackenzie, who is Northdoor's chief executive.

The participating companies include the four largest Lloyd's brokers: Alexander Howden, C.T. Bowring, Sedgwick group via its reinsurance subsidiary E.W. Payne and Willis Faber. Also involved are R.W. Sturge, the Merrett group and R.J. Kiln, three of the largest Lloyd's underwriting agencies.

UK car component companies face shake-out, says report

By Richard Tomkins, Midlands Correspondent

A SEVERE shake-out among Britain's 2,000 smaller automotive component makers is predicted in a study of the industry published yesterday.

The study, by Coopers & Lybrand, the accountancy firm, has particular relevance after the decision by Toyota, Japan's biggest car company, to build a £700m assembly plant at Burnaston in Derbyshire.

It says, however, that optimism among many UK component suppliers hoping to benefit from Toyota's arrival may be misplaced.

The study was for the West Midlands Industrial Development Association. Most UK car component companies are in the West Midlands.

UK car production has risen by 30 per cent since 1984 and is forecast to rise another 38 per cent by 1998, the study points out. At the same time, vehicle makers are increasingly buying in components instead of manufacturing them.

But this apparently favourable background for the UK components industry is countered by the trend towards globalisation among vehicle and component makers, combined with continued world over-capacity in the industry.

Vehicle makers have also adopted a strategy of reducing the number of their supplier companies. Ford, for example, is cutting back from 2,500 suppliers to 900 and Austin Rover from 1,200 to 300.

Car makers are seeking closer, long-term co-operation with these smaller groups of suppliers in developing new processes and technologies.

This means that long-term prospects are poor for companies which do not have the resources to invest in extensive research and development.

The study says that technological and market changes offer exciting opportunities for big component suppliers with the resources to meet future challenges. But small companies unable to respond will disappear, to be replaced by a new generation of multinational components makers and joint ventures.

Vehicle Components Sector Report; West Midlands Industrial Development Association, Chantry House, High Street, Coleshill, Warwickshire B46 3BP; abridged version free.

Investors remain cautious

By Eric Short

INVESTORS have still not fully recovered their confidence in the equity market. This is main conclusion to be drawn from the March unit trust trading figures issued yesterday.

There was steady buying of units during the month by investors, amounting to a satisfactory £806.7m, although this figure was some £170m below the sales figure for February and even lower than sales in March last year.

However, repurchases of units in March rose by some £110m on the month to £595.4m – the highest level of cash-in of units since March of last year.

Net investment in unit trusts in March amounted to just £211.3m, the lowest so far this year, although still above the average monthly investment in 1988.

Anti-nuclear groups 'assisted by MPs' criticism of prices'

By David Fishlock, Science Editor

EFFORTS by British Nuclear Fuels to regain public confidence in nuclear power and restore the company's credibility had been partly torpedoed by the parliamentary select committee on energy earlier this month, Mr Christopher Harding, BNFL's chairman, said in London yesterday.

In their report on his company's performance the MPs had provided a great deal of ammunition for the anti-nuclear groups, Mr Harding told the annual lunch of the British Nuclear Forum, the trade association of the UK nuclear industry.

Mr Harding also attacked last week's report on BNFL from the National Audit Office, which was aimed at the Department of Energy and not the company, he claimed.

He found it hard to understand how the Auditor-General could censure BNFL for failing to meet some of its financial targets when it had achieved returns of 35 per cent and 28 per cent in the last two years.

Perhaps the auditors had failed to appreciate that these were exceptionally high rates of return, because they were unused to seeing such figures from state-owned companies, he said.

Mr Harding has just been reappointed BNFL chairman by the Government.

Despite what was implied in the two critical reports, nuclear fuel costs in Britain were not out of control, Mr Harding said.

The fact that nuclear power was less competitive against some other fuels, particularly coal, was more to do with improved performance from coal than to any deterioration in nuclear performance.

Where nuclear costs had risen, this had been because of more demanding environmental standards. But coal was beginning to face the same problem.

Mr Harding said nuclear energy also suffered from lack on enthusiastic promotion by its proponents in Britain.

He specifically challenged the accusation by the Energy select committee that BNFL's prices had risen eight-fold in the last three years.

This was so only in the case of an activity accounting for less than one-thousandth part of the company's business, namely storage of radioactive waste at Drigg in Cumbria, he said.

Moreover, the strongest pressure to improve what he called an unsightly but not unsafe operation had come from another parliamentary select committee, the environment committee.

"Is it too much to ask that select committees should read each other's reports?", he asked.

Mr Harding also dismissed what had been called "enormous" price increases for reprocessing, saying they had actually increased by 8 per cent at the most over the period specified by MPs.

Swedish group buys UK debt collector

By Charles Batchelor

INTRUM Group, a Swedish company which claims to be Europe's largest commercial debt recovery business, announced yesterday that it is to acquire Unicol, one of the biggest British debt collection companies.

Intrum also published proposals for reorganising the collection of commercial debt in Britain which it wants included in the review of the administration of civil courts headed by Lord Mackay, the Lord Chancellor.

Mr Bo Goranson, chairman of Intrum, said: "In Sweden we were instrumental in encouraging the government to bring in new legislation on behalf of creditors. We are now concerned that Britain should improve its efficiency in debt enforcement if it is not to lose its competitiveness in the single European market."

Intrum wants the debtor to be liable to pay the costs of recovering the debt to the creditor as is the case in many European countries. It wants commercial debt to be handled in just eight specialised county courts instead of the 270-plus courts which currently handle such matters and for the ceiling below which county courts have jurisdiction to raised from £5,000 to £50,000.

It also wants claimants to be able to appoint an agent other than a solicitor to act for them and for these agents to have the right of audience in a county court. Much debt work in the courts involves paperwork which could be more cheaply dealt with by debt-collection specialists rather than solicitors, said Mr Goranson.

UK companies wait on average 78 days for bills to be paid compared with 48 days in Germany. The cost of ineffective debt enforcement, including administration costs and extra interest charges, amounts on average to 5 per cent of a company's turnover, Intrum said.

Intrum, which is listed on the Luxembourg Stock Exchange, was established in 1984 and now has debt collection and credit management operations in 12 European countries. Intrum has sales of £25m and employs 475 people. Unicol, which is based in London, has turnover of £4m and employs 110 people.

UK NEWS

March current account deficit falls to £1.19bn

By Peter Norman, Economics Correspondent

NEWS of a sharp drop in Britain's current account deficit in March punctured pressure for a rise in bank base rates and gave a boost to share prices in London yesterday.

The Department of Trade and Industry reported that the current account deficit fell to a provisional, seasonally adjusted £1.19bn last month from £1.7bn in February, while the country's deficit on visible trade fell to £1.69bn from £2.2bn.

The current account figure was around £300m below most analysts' forecasts. As a result, share prices rose sharply, piercing the 2,100 mark on the FT-SE 100 share index before settling back to close at 2,093.4, for a gain of 22.2. The FT Ordinary index closed at 1,731.2, up 22.3.

Prices of Government gilt edged stock rose, while interest rates eased on the domestic money market. The key three month interbank rate, which last week had risen sharply in anticipation of higher bank interest rates, fell to around 13 per cent in line with base rates.

Sterling, however, failed to catch the party mood. The pound weakened against a strong dollar to $1.6885 from $1.7010 and closed unchanged against the D-Mark at DM3.1725 as prospects of higher interest rates faded. The Bank of England's trade weighted sterling index closed at 95.1 compared with 95.3 on Tuesday.

The fall in the deficits reflected a 9 per cent jump in UK visible exports to £7.43bn between February and March while imports increased by only 1 per cent to £9.12bn.

The Department of Trade and Industry said exports in March were boosted by a £122m jump in oil exports and sales abroad worth £279m of so-called erratic items such as ships, North Sea oil equipment, aircraft, precious stones and silver. Without these items, exports increased by only 3.5 per cent last month.

None the less, the DTI said the underlying volume of non-oil exports had risen in recent months and at a faster rate than the volume of non-oil imports. Its figures showed a notable jump in consumer goods exports in recent months and a sharp slowdown in imports of consumer goods and cars.

The Treasury said the upwards trend in exports and a slowing of consumer goods imports indicated that the Government's high interest rate policy was beginning to have an effect on the trade balance by curbailing domestic demand.

Mr Peter Spencer, UK economist of Shearson Lehman Hutton Securities in London, suggested that the rise in consumer goods exports could be a sign manufacturers were using new productive capacity to serve export markets.

However, other analysts in the City of London cautioned that pressure for higher interest rates could build again despite yesterday's trade news. Much will now depend on developments in the domestic economy particularly on the wages front. The financial markets fear that growing labour unrest could trigger a wage-price spiral.

Another problem could be higher interest rates abroad as monetary authorities in Britain's major trading partners act to curb inflationary pressures of their own.

Despite the improvement in March, Britain's current account deficit was still running at an annual rate of £18bn in the first three months compared with this year's Budget forecast of a £14.5bn deficit for the whole of this year.

Some economists warned that the figures for this month could be hit by increased imports if businesses have decided to increase their stocks of raw materials and finished goods in anticipation of a dock strike.

The favourable balance of trade in oil in March could also be reversed this month because of the recent shutdown caused by the accident on the North Sea Cormorant Alpha platform.

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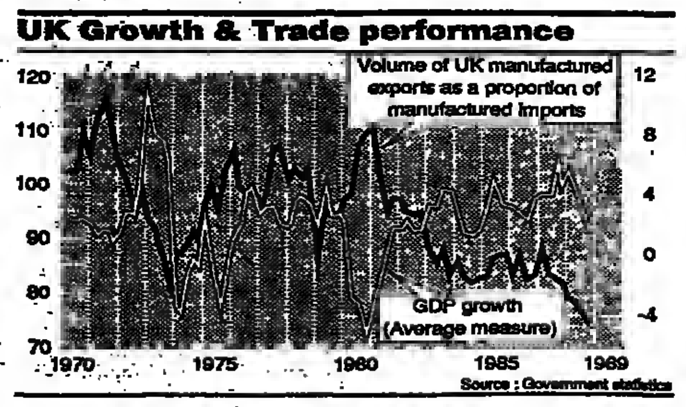


Exports expand by 9%

BRITAIN'S current account balance of payments deficit in March was the lowest since last September's £720m deficit thanks to relatively strong growth in exports and slowdown in imports, Peter Norman writes.

Department of Trade and Industry figures showed that total exports increased by 9 per cent or £600m to £7.43bn between February and March, while imports advanced by only 1 per cent or £95m to £9.12bn.

Britain's invisible trade surplus was estimated at £500m in both months.

However, after excluding oil and erratic items such as ships, North Sea installations, aircraft, precious stones and silver, exports rose by a more modest 3.5 per cent between February and March compared with a gain of 0.5 per cent for imports.

Imports of consumer goods increased by only 3 per cent in value in the first three months of this year compared with the preceding three month period while car imports declined by 5 per cent between the two periods.

By contrast, British consumer goods exports increased by 14 per cent in value between the final quarter of last year and the first quarter of 1989 while car exports increased by 2.5 per cent between the two periods.

Car exports increased in value in the first three months of this year from £169m in January to £216m in February and £232m in March.

According to Mr Peter Spencer, UK economist of Shearson Lehman Hutton Securities in London, the latest trade figures show that Mr Lawson's policy of encouraging exports by curbing domestic demand "is working remarkably well".

However, other City economists were uncertain that the monthly trade figures have taken a clear turn for the better. Mr Kevin Gardiner, an economist at Warburg Securities, pointed out that import volumes remain relatively high while the trade in oil, which yielded a surplus of £107m in March compared with a deficit of £18m in February, will be probably hit in April following accidents affecting North Sea production.

Economists sense return of stop-go

Simon Holberton looks at worries raised by a worsening deficit

ECONOMISTS rarely agree on anything, but even by their standards a battle royal is brewing.

At stake are assumptions about Britain's ability to trade. The conflict is between those who think something really has changed in Britain over the past 10 years and those who do not.

Economists, like the king's men with a shattered Humpty Dumpty, are now poring over the trade records of the 1980s and the boom of 1987-88 and asking: has anything really changed? Are not the current difficulties just like those of the 1960s and 1970s: Britain grows too fast and is hrought low hy a sterling crisis following closely on the heels of a widening trade gap?

Yesterday's trade figures gave little comfort for those who hope for an early resolution of the current account deficit. The March figure took to £4.5bn the deficit for the first three months of the year. That, if sustained, implies a deficit for the year of £18bn.

The speed of tha UK's fall into current account deficit has taken most hy surprise, not least Mr Nigel Lawson, the Chancellor of the Exchequer. A year ago he thought the deficit in 1988 was going to be £4hn; it turned ont to be £14.7bn. In March last year he also thought the deficit in 1989 would be £4bn; by last November he had raised that forecast to £11hn and by March this year to £14.5bn.

The scale of the problem is illuminated hy what it would take to eradicate the deficit in one year. To get the necessary contraction in import growth – a fall of around 12 per cent – domestic demand would have to contract by 7 percentage points. Growth in gross domestic product for 1989 would have to fall hy 1 per cent. In short, a recession would be needed.

That is an extreme remedy, but it finds support in the City of London where wearing a hairshirt is a mark of virility. As a solution it sounds familiar – the "stop" phase following the "go" of 1987-88 – but is the problem the same as it has tended to he in post-war Britain?

The Treasury says the current account deficit is the result of excess domestic demand which leaked abroad and returned as imports. The trade deficit will move towards halance as the result of a squeeze on domestic consumption, induced hy high interest rates, which will reduce import growth. Output which cannot then be consumed in Britain will be exported.

Professor Alan Budd, economic adviser to Barclays Bank, agrees with this analysis: "Domestic demand grew at an enormons rate and it is hard to say that we had a supply side problem when output grew extremely rapidly and manufacturing outpnt very, very rapidly. It wasn't a case of we were buying things while English factories stood by silently."

He says further that the experience of the 1980s, which has witnessed euch etrong supply-side performance, has altered the nature of economic debate. The economic debates of the past would have called for demand to he squeezed economy-wide and for a devaluation to help competitiveness.

"The thought that there are conditione where slower growth in domestic demand can occur but not slower economic growth, that exporters could go abroad and sell when tbere has been a relative change in profitability between the home market and the world market, that's wholly new," he said.

To some, however, this is tinkering by stealth and not very different from the Keynee-inspired economic orthodoxy of the 1960s. Tbe irony is that it comes from a Government avowedly anti-Keyneelan and nominally monetarist.

"This is fine tuning," says Mr John Wells, lecturer in economics at Cambridge University. "Dampen down demand a little so that prodncts currently being absorbed domestically will be diverted abroad. It's the absorption approach to the balance of payments first brought up in the early 1950s."

He says that recourse to improvements in the supply side of the economy is a way of justifying the boom tbat occurred and holding out hope that the consequences will be different thie time around. What might make lt different is a change in the nature of international capital markets, not the UK's ebility to perform well in manufacturing trade.

International capital markets are much freer than tbey were in tbe 1960s and early 1970s wheo a current account deficit inevitably led to a sterling crisis. This time a collapse in tbe pound migbt be be deferred.

Yet even if a sharp fall in the value of sterling – and an attendant surge in inflation – can be avoided, the question of whether the trade deficit will correct itself and how fast that will take remains unresolved.

In the City, some economists helieve the omens are not good. Mr Kevin Gardiner, economist at Warburg Securities, says: "I tend to see UK trade performance as a long-lived structural prohlem rather than a domestic demand prohlem. Tbe way the etructural problem came ahout was that through time the UK withdrew from many consumer industries."

A recent paper hy the National Economic Development Council provides some support for that view. It says the reason for the deterioration in UK trade last year was caused primarily hy a surge in imports of consumer goods eucb as televisions, stereos, clothing and textiles, and cars which the UK does not produce in sufficient quantity or quality to satisfy domestic wants.

Imports of consumer goods, as measured by volume, rose hy 17.6 per cent last year, while exports fell by 0.5 per cent. At the same time exports of capital goods rose by 17.8 per cent, while imports were up 21.5 per cent, underlining the strength of the UK capital goods industries and the investment boom here and abroad.

However, tbe NEDC identified three sectors where UK trade ls weakest: cars and parts, wbere the trade deficit rose 37 per cent to £5.3bn in 1988; clothing and textiles, where the deficit rose 30 per cent to £1.8bn; and consumer electronics, wbere the dcficit rose 44 per cent to £1.48bn.

Wilh cars, which accounted for more than 35 per cent of last year's trade deficit, thcre are signs of potential rescue. The NEDC noted that tbere would be substantial improvements to the trade balance if the international competitiveness of the industry could be improved.

Plans of foreign investors which appear to view the UK as a suitable entry point for the European market, may prove helpful. Toyota's plans to invest £700m new car capacity in the UK combines both import substitution and export potential.

Also, there are signs that tbe Government's policy of higb interest rates to rein in excess demand is working.

Even if demand and output grow as the Treasury would like, there could be large costs involved for manufacturers switching to exports – not the least in setting up or expanding distribution networks

Few, therefore, can be confident tbat the strategy will work as seamlessly as the Treasury might like. As even Mr Budd coocedes: "One is asking for something to happen that bas never happened before. It's a good test of Thatcherism in its tenth anniversary year."

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance	Exports	Imports	Invisibles Balance
1987	-2.9	-10.2	79.4	89.6	+7.3
1988	-14.7	-20.6	80.2	100.7	+5.9
1988					
Qtr 3	-3.4	-5.7	20.7	26.4	+2.3
Qtr 4	-5.5	-6.3	20.2	26.5	+0.8
1989					
Qtr 1	-4.5	-6.0	21.5	27.6	+1.5
Jan	-1.6	-2.0	7.4	9.5	+0.5
Feb	-1.7	-2.2	6.8	9.0	+0.5
Mar	-1.2	-1.7	7.4	9.1	+0.5

1988 Figures have been revised. Figures may not add up because of rounding. Source: CSO and DTI

Food groups offer reward to catch contaminators

By Christopher Parkes, Consumer Industries Editor

HEINZ and Cow & Gate, Britain's leading babyfood suppliere yesterday offered a £100,000 reward for information leading to the arrest and conviction of the hlackmailers responsible for contaminating their products with glass, metal, pins, razor blades and caustic soda.

A further 11 such food contaminations were reported yesterday, bringing the official total in Britain to 28 since April 7, Mr John Patten, a Home Office Minister, said in the House of Commons.

There had been blackmail demands in some cases, he said.

No children have yet been seriously injured by the contaminants, but police, manufacturers and retailers warned purchasers to cbeck the safety seals on the lids of baby food jars.

All confirmed cases of contamination have so far involved jars. Allegations that dangerous foreign bodies have been found in tinned foods are still being investigated.

New cases reported yesterday included two in Kent. Most have been in the south of the country, affecting products bought from hig retail chains, but there have been reports of incidents in Cheshire and Lancashire in northern England.

Metropolitan Police officers co-ordinatiog a national investigation have so far advised retailers not to clear their stores of the products at risk.

However, retailers are taking special measures to protect their stocks and advise shoppers. Safeway has ordered regular examination of baby food displays and careful checking of new stock.

Manufacturers have also offered to replace all stock in instances where a retailer finds evidence of interference.

Confirmation that blackmail was involved in the spate of discoveries belped ease some of the pressure on manufacturers. In recent weeks they have been obliged to deal with the practical effects of the incidents and at the same time try to reduce the impact of consumers' fears on sales and the reputation of their goods.

Adverse effects on sales were not yet apparent, Heinz said yesterday.

The US group has ahout 57 per cent of the UK market in prepared baby meals, excluding milks and rusks. Cow & Gate, owned by Nutricia of the Netherlands, has 22 per cent. Robinsons and Milupa bave some 8 per cent each.

Last month, Gateway destroyed £20,000 of Chilean fruit after a scare in the US involving the discovery of cyanide-laced grapes in Philadelphia.

Household debt 'to moderate in 1990s'

By Ralph Atkins

DEBT accumulation by British households will moderate in the 1990s, leading to a steep slowdown in consumer spending, according to a report published yesterday by Oxford Economic Forecasting.

Bnoyant spending in the 1980s has been prompted by deregulation of financial and credit markets says the forecasting unit.

Saving as a proportion of incomes is expected to rise gradually in coming years.

In the short term, high interest rates and inflation will erode real incomes and wealth this year laading to little growth in spending. Compared with 1988, expenditure is expected to be 2.9 per cent higher hut this will largely reflect increases at the end of last year.

The forecasting group warns that inflation will remain high in 1989, falling to 6.7 per cent in the last three months of the year from 7.9 per cent.

Higher petrol prices are expected to push up industry's costs while higher wage settlements, combined with lower productivity growth, will add to labour costs.

Prices rises are expected to continue to slow gradually but remain high by international standards.

By the end of 1990 inflation is forecast to have fallen to just under 4.5 per cent.

The OEF says that personal debt as a proportion of disposable incomes has risen sharply in the UK, overtaking both Japan and the US during the 1980s.

Since 1981, real consumer spending has risen by more than 31 per cent, with spending on durable goods leaping 62 per cent.

However, it sees the debt-to-income ratio is approaching a plateau, in the wake of high interest rates, leading to a sharp slowdown in spending.

Backing for nuclear power emerges from 'greenhouse' meeting

By John Hunt, Environment Correspondent

A PROGRAMME to tackle the prohlem of global climatic warming through the enhanced use of nuclear power as a substitute for fossil fuels such as oil and coal emerged from yesterday's seminar on the greenhouse effect at the office of Mrs Margaret Thatcher, the Prime Minister.

It was made clear that if necessary, the nuclear element in electricity generation should exceed the 20 per cent envisaged by the Government.

This would be coupled with a drive to improve fnel efficiency and to find substitutes for fossil fuels. Natural gas was seen as a possible substitute as it gives off less carbon dioxide, which is the main contrihutor to the greenhouse effect.

Yesterday's event, which was attended by about 30 scientists and six Cabinet ministers, was billed as a "teach in" and not a decision-making meeting. But Mrs Thatcher made it plain that she wants it followed by national and international action.

She said that exceptional measures are called for and that it was not acceptable to just "wait and see."

It was indicated that there will be a campaign to convince the public of the safety of nuclear power.

There would he a similar drive to persuade business and the public of the need to use fuel efficiently.

Global warming is caused by carbon dioxide and other gases trapping the sun's heat in the atmosphere in a way similar to a greenhouse. Grave warnings were given at the meeting about possible rises in temperatures and sea levels.

Mr Cecil Parkinson, Energy Secretary, said after the meeting that the Government had already established the size of the role to be placed by nuclear power generation in Britain for the forseeable future.

He said, however, that: "I believe that role will grow as the environmental argument develops and fossil fuel prices move inexorably upwards."

Lord Caithness, Minister of State for the Environment, took a more cantious line and would not give a target for nuclear power use. "Provided nuclear power is safe it is a fuel that certainly could be used," he said. But at the same time alternatives sucb as energy effiency and renewable sources should be looked at.

The meeting was told that there needs to be "a very substantial increase in the base load for nuclear power" although it was admitted that there were social and political obstaclee to this. Global warming was increasing faster than at any time in the past and emissions of carbon dioxide in the UK were increasing by 0.5 per cent a year "and we need to be very worried about its effect."

This was contrasted with the "negligible" and "totally trivial" amount of radiation arising from nulear power. But "that is not the public perception and we must change that perception."

Sir Crispin Tickell, UK Ambassador to the UN, spoke on the international perspectiva. It was emphasied that action should be taken through the United Nations Environment Organisation (Unep).

But it was also suggested that the UN Security Council was a "favourable means of injecting political impetus" behind aninternational drive to of tackle the problem. This was because members were the US, the Soviet Union and China – the biggest land masses.

It was also suggested that the international debt of Third World conntries might be waived to some extent to compensate them for halting the destruction of the rain forests – another big contrihutor to the greenhouse effect.

FT LAW REPORTS

Private enforcement of access to EC tenders

By Celia Hampton

The business of contracting with public authorities in the European Community will become a lot more exciting if the EC Commission has its way. It is preparing legislation giving it the power to ask for changes in the procedure and conditions of public tenders and to cancel awards of contracts. Some companies, moreover, will see the business from the inside since the proposed measures would treat them as public authorities.

The Commission is determined to demolish patriotism in public spending. Central and local governments, and other public bodies seem oblivious to the prudence of shopping around while spending some £260bn ($442bn) a year. Public purchases of goods account for about 15 per cent of the EC's gross domestic product, yet as few as 2 per cent of contracts are won by suppliers who come from countries other than the buyer's own.

The Commission has now published most of its plans to open tenders by government controlled or influenced bodies to Community-wide competition. What is more, it proposes that disappointed contractors should be given effective means of ensuring that the authorities abide by the rules.

The Commission's first plan of attack is to strengthen the ground rules and induce authorities to use open procedures inviting tenders from all comers rather than to approach contractors of their own choice. This has been in force since the beginning of the year for supplies of goods, and next year it will extend to public works contracts.

The Commission also insists now on open tendering for all EC-funded projects, and methods of procurement must be reported for each tranche of Community loan or grant.

Other Commission plans are still in gestation. Three essential elements of the rules – the cootract, the contract-issuing body, and enforcement – will be given an expanded meaning.

The rules will apply to "supplies of goods", "works and construction" as well as to "services". There will be narrow exclusions, such as the provisioo of land (but not the associated services) and national defence contracts. Even here, competitive defence procurement for non-sensitive goods and services is planned for 1993, and most member states, led by France and the UK, are opening their own defence procurement to each other through the independent European Programme Group.

The expansion of the rules to include services will touch some sensitive issues, such as direct labour and legal services. The professions tend to work on a one-off basis and will be concerned that a threshold as low as Ecu 100,000 ($110,500) may be set, as against Ecu 200,000 for supplies and Ecu 2m for works contracts.

The extension of opening tendering to private sector companies which want work done or goods supplied has been precipitated by the Commission's plans for energy, transport, water and telecommunications, all of which are exempt from current rules. Too many of these services are provided by private – often "privatised" – companies, so that rule applying only to state-owned operators would not cover this important sector.

Pressure (real or imagined) to "buy local" can be felt by companies which operate with some form of official permission, such as a licence to supply electricity, drill for oil, or run airport facilities. The Commission also intends to make companies in government ownership or under its influence put contracts for services out to tender.

The companies placed by the Commission on equal footing with public authorities will have new administrative burdens to bear as well as some legal consequences. First, the assessment of tenders and the award of the contract will be judged by criteria not necessarily familiar from a business point of view. The lowest priced tender may be accepted, but if it seems abnormally low the company will have to ask whether the tenderer is being subsidised by its government and, if so, whether the Commission has been told.

If the lowest price offer is not selected, the company will have to show that the tender accepted is the "most economically advantageous". This is defined to include factors such as quality, delivery date and even aesthetic characteristics, but these may be relied on only if listed in the tender notice in descending order of importance. The list does not include "mutual trust" or "known reliability".

Second, open advertisement of a project may endanger the secrecy of information belonging to the company – new oil-drilling or communications technology, for instance.

The UK Department of Transport is studying this issue in the context of privately-funded public projects. The government will want the building work put out to public tender but the developer will want to protect its plans. The first area of study is the definition of the intellectual property rights at stake.

Under EC law the private sector may already have to avoid favouring local tenderers. In the preamble to the draft directive on the exempt sectors, the Commission reasons that public restrictions on tenderers from other EC countries are forbidden anyway by articles 30 and 59

The European Court ruled last September, in *Case 45/87*, that the free trade provision of article 30 prevents specification of materials that can only be obtained from national suppliers complying with local standards. Article 59 provides for free trade in services.

The 1992 programme gives priority to aligning idiosyncratic national standards, which often deter already timid foreign contractors from approaching home-ruled markets such as building. The Commission urges contractors to use existing law in the national courts to challenge discriminatory standards. If a European norm is soft, national legislation cannot usually compel obedience to higher standards. A recent directive setting standards for building materials (No.89/106) has to be implemented by June 27 1992.

The Commission takes the view that the present public procurement rules lack bite. It intends to introduce a novel enforcement regime with a considerable potential for disrupting business relationships.

Disappointed tenderers would be able to bring legal proceedings before a national court to interrupt a procedure for the award of a public contract, to ask that an illegal decision be set aside, and even to claim damages. The court would have power to cancel the unlawful award of a contract, permanently.

The procedure will aim to secure "effective and rapid" remedies, and the emphasis is on interim measures during the award procedure, such as removing bad clauses from the tender document. But the power to cancel the award decision is not restricted in time. Contracts will become a lot less secure for as many years after conclusion as national law allows cases to be brought.

From the claimant's point of view, bringing a case will hardly influence public authorities in his favour on future contracts. To correct any reticence in using the new action, the Commission proposes a power for itself to suspend an award procedure for up to three months.

The Commission's proposal is much gentler than the original, which would have given national anthorities no more than a right to be told that a contract was suspended. The contracting authority will now have to be asked to correct the infringement so that the award procedure can resume. EC governments, however, are resisting this proposal, and the Commission is still working on it.

Community tendering will be open to all potential bidders, not only EC-based contractors. A tender might be rejected as not economically advantageous if the supply was less than 50 per cent of EC origin, a plan which disturbs US companies in particular. The Commission would ultimately like to see open tendering throughout the OECD.

However the final details work out, the new regime will provide a painful process of adaptation for companies in many different businesses across the Community. Careful analysis and some persuasive lobbying at this stage could pay dividends in the 1990s.

Flying lessons.

Adequate.

If I'm really honest that's the only way to describe how our last job turned out.

A couple of people on the second floor said they liked it but I think they were just being polite.

We missed a trick somewhere. We should have pushed it further. I'm not trying to make excuses but I guess we ran out of time.

A month later we changed our computer system.

It's almost as if the whole company's been on one of those motivation courses.

I'm not saying we're having better ideas exactly. I think we always felt we were capable of this kind of work.

It's just that now nothing is getting in the way of the ideas, slowing up the process.

We're spending all of our time working out our problems, not our computers.

We don't have to memorise a complex series of commands or rules any more. It's as natural to use as say, a pencil.

I don't know about you but my mind works in a fast, pretty haphazard way.

This computer can keep up. It has so many options. It lets you fly off at all sorts of tangents. New possibilities keep presenting themselves.

There are thousands of programs but you only have to learn one. And you've virtually learnt them all.

So far the best idea with this new computer has come from Dodds in personnel. Dodds!? I mean I thought he'd retired.

Apple™ Macintosh™ The power to succeed.

MANAGEMENT: Marketing and Advertising

The wines of the world's fifth largest wine producing country are little known abroad

A case of wine output under pressure

Gary Mead reports on Argentina's export hopes in the face of nearly halved domestic consumption in 20 years

Penicillin cures but wine makes people happy. Let's be happy. So said Alexander Fleming, according to an inscription on the side of a vast wine cask deep in the heady vaults of one of Argentina's more famous vineyards, Peña Flor. But Argentine viticulture is anything but happy today, as it sees world markets being snapped up by its closest rival, neighbouring Chile.

The reason for its hangover is double-edged. Argentine manufacturers of all types of products have, thanks to heavy state protection, become accustomed to churning out low quality goods which a relatively affluent domestic market has snapped up.

That has been as true of wine as any other product, with the result that the typical Argentine wine of today falls far short of the high standards maintained by other major wine producing countries.

That is changing under the influence of two pressures. One is that Argentines themselves drink much less wine than they used to. Since the 1970 peak of an annual 92 litres per capita the domestic market has slumped to a bare 50 litres.

At the same time the increasingly urgent need to break into potentially lucrative foreign markets is dawning on vineyards as much as other areas of the economy. Considering that Argentina, which annually produces 23m hectolitres, is the world's fifth largest producer of wine (after France, Italy, Spain and the USSR), it is little less than astonishing that its wines are so little known abroad.

Over 65 per cent of that wine lake is produced from Mendoza province. Two superficially very different Mendoza vineyards, one in the hands of the same family which started it at the beginning of this century, the other by the provincial government, are trying to come to terms with the changing future for Argentina's wine and the country's economy generally.

Peña Flor produces one of Argentina's most famous brands of "vino comun" or table wine. Some 15 per cent of its produce is "vino fino", a superior quality product sold under label by a wholly-owned subsidiary called Trapiche. Naturally the bulk of the company's wines are marketed domestically, but Dick Sibbald, a director of Trapiche, is trying to reach overseas markets.

"Our biggest sale has been 28m litres of wine to the Soviet Union, but oddly enough the principal purchaser of Argentine wine and related products today is Japan. Japanese customers are very keen to purchase our concentrated grape juice, which they then use as the basic ingredient for Japanese wine. It is very important for us to become more conscious of the export market. Nobody is waiting for Argentina to come along; we've got to do our own selling."

To that end he organised a recent visit by 36 wine tasters, the majority from Britain, under the aegis of the "Masters of Wine" institute, which is responsible for selecting 60 per cent of wine consumed in the UK.

Trapiche has developed other marketing strategies to increase its profile and sales in the 26 different countries it supplies, including a "say it with wine" service in some European countries, which promises to supply even just one bottle of its export brand "Andean" label Chardonnay or Cabernet Sauvignon within 70 hours of the order being placed.

The vineyard itself, which covers some 1,400 hectares annually turning out over 200m litres of wine, is undergoing some changes. New Pinot Noir vines have recently been planted, with the aim of producing high quality exportable wine ready for sale seven years from now.

Of particular importance for Trapiche was the purchase late last year of 530 new oak casks, each with a capacity of 220 litres. Imported from France and to be used for the necessary subtle ageing processes, the casks are seen by Trapiche as vital if the company's wines are to meet export standards.

Not only do the casks represent a significant investment for the company, of almost $240,000, they also mark an important step forward for Argentine attitudes towards trade liberalisation. Such is the heavily protected nature of the Argentine wine industry that there is a law banning the import of maturing casks. Most Argentine wines are matured in casks which should have been disposed of years ago.

However, Trapiche made a representation to Mendoza's Peronist governor, José Octavio Bordon, to argue at national level that the law should be waived in this instance in order to help Trapiche's export drive. He gladly obliged, thus proving that not all Peronism is rigidly wedded to protectionism.

Bordon has his own problems, however, in trying to privatise Giol, a vineyard owned by the provincial government of Mendoza.

Giol was originally in private hands at the beginning of this century, set up (like so many Argentine vineyards) by immigrant Italians. Nationalised by the Peronist central government of 1954 and transferred to provincial government ownership, it fell foul of General Juan Peron's desire to semi-socialise basic Argentine industries.

Originally intended to safeguard prices paid to small-scale grape producers in the region, it has proved a singular failure (accumulating debts of $30m) and is due to be sold off by August this year.

Giol's mistake under provincial ownership was to concentrate on serving up a lowest common denominator wine to the domestic market, a classic error to be seen in a variety of Argentine industries.

The poor quality of its one vino fino, "Canciller" (Chancellor), meant that the "Masters of Wine" gave the company a miss on their visit to Mendoza.

The domestic slump in wine drinking hit Giol badly, and rapid turnover of politically appointed management did not help matters. Its offices today are based in the old Giol family estate grounds, where under-investment and staggering over-manning are the obvious signs of a dying company.

In October 1988 Bordon announced that he intended to sell Giol into private ownership, a move which provoked a considerable attack from trade unions and some factions of his own party.

By the time Giol is sold off its 3,900 employees will have either been relocated in other areas of provincial administration or found a living as part-owners within 24 privately managed wine-producing co-operatives established since last October.

Bordon's first move was to scale back production to make an inventory of Giol's assets and debts, the first such realistic look at its accounts in many years. Standing inside the now-empty largest wine-storage tank in the world (where if you were to drink a litre a day it would still require more than 14,000 years to clear the tank), textbook descriptions of dis-economies of scale suddenly became reality.

Bordon was clear about the reasons behind the sale of Giol. "It does not serve any of the economic and social objectives of the province. It does not defend the interests of the medium or small producer and in fact is an obstacle. Today it impedes the objectives of integrating wine production locally, promotion of the regional economy, the search for international market share and the diversification of production. Its financial and operative losses are enormous."

People are not accustomed to hearing such words from Argentine politicians, least of all from Peronists. But the pressures of domestic economic recession and greater awareness of foreign demand for quality luxury items such as wine is bringing the best of Argentine minds to a greater flexibility and concentration than in the past.

UK advertising league

The really big spenders

David Churchill reports on changes in the top ten

The National Audit Office will undoubtedly take more than a passing interest in figures published today by Media Expenditure Analysis Limited (MEAL) which show that Mrs Thatcher's government spent £76.13m on national advertising last year – some £12m less than in 1987.

The figures, commissioned by the trade journal Campaign, come just as the Government is facing renewed attacks on its policy of heavy use of press and television advertising.

Earlier this month the NAO – which is responsible for scrutinising government expenditure – agreed to a request from the House of Commons' Public Accounts Committee to look at whether such extensive government advertising was necessary.

Frank Dobson, shadow Leader of the Commons, described as a "scandal" the use of public funds to promote government policies. He claimed that ministers this year planned to spend some £120m on advertising, up from £77m in 1987-88 according, to his figures which were based on parliamentary answers.

Two factors caused the Government's spending almost to treble since Mrs Thatcher came to power in 1979: one was the massive effort spent on persuading the pnblic to support the Government's privatisation campaigns.

Yet perhaps equally significant has been the enthusiasm shown by Lord Young, the Trade and Industry secretary, for using advertising to promote his department's activities. The MEAL figures published today, for example, show that his department spent some £15.5m on advertising last year – nearly twice as mnch as the Training Agency at £8.95m. (The Training Agency used to be known as the Manpower Services Commission, and Lord Young was at one time its head.)

The fall in government advertising expenditure last year was largely due to the hiatus in the privatisation programme after the October 1987 stock market crash.

Even so, the Government still ranked third in the MEAL league table for the UK's largest corporate advertisers – behind such giants of the fast moving consumer goods world as Unilever and Procter & Gamble.

Top Ten Advertisers By Holding Company	1988(£m)
Unilever	118.1
Procter & Gamble	77.4
HM Government	76.1
Mars (UK)	73.3
Nestlé Holdings (UK)	71.5
Kingfisher	46.5
British Telecom	45.6
Electricity Council	42.8
Kellogg (UK)	41.2
General Motors (US)	33.3

Source: Meal

Top Ten Advertisers By company	1988(£m)
Procter & Gamble	58.0
British Telecom	45.6
Kelloggs	41.2
Nestlé	36.1
Pedigree Petfoods	34.5
Mars Confectionery	33.9
Electricity Council	32.9
Vauxhall Motors	32.8
Austin Rover Group	30.9
Brooke Bond Batchelors	30.1

Source: Meal

Unilever's top spot is based on the substantial advertising support – £118.2m last year – for its main subsidiary companies, such as *Lever Brothers*, the detergent manufacturer, Brooke Bond Foods, and cosmetic company Elida Gibbs.

Procter & Gamble, however, is the largest single advertiser (as distinct from a holding company) in the MEAL survey since it concentrates its advertising through two main companies – Procter & Gamble (with an advertising spend of £58m last year), and Procter & Gamble (Health and Beanty) which spent £19.4m.

While Unilever has for some years topped the table for total advertising by a holding company, P & G's grip on the top slot for single advertisers was loosened in 1986 by British Telecom during its flotation year. BT fell to seventh place in 1987 as it cut back on advertising post-flotation. But, perhaps stung by criticisms of its slipping service levels, it stepped its advertising spend np a gear last year with expenditure of £45.66m – up from £29.99m in 1987. This put it into second place, pushing Kelloggs back into the number three position.

Apart from fast moving consumer goods companies, the fierce competition in the new car market was reflected by Vauxhall moving from 14th place in 1987 to 8th last year with a spend up from £19.88m to £32.86m. It was followed in 9th place by the Austin Rover Gronp with a spend of £30.93m, and Ford in 12th position with spending of £292.19m.

No single retailer made the top 20 league table for advertisers – although Kingfisher (formerly Woolworth Holdings) was the sixth largest advertiser overall with a £46.52m expenditure from its retail subsidiaries such as *B&Q, Comet, and Woolworths.*

MEAL also provides a comparison with 1978 when the largest single advertiser was Rowntree Mackintosh (acquired by Nestlé last year). Then it spent £10.75m to take top spot; last year's £22.23m spend only earned it 16th position.

Only Mars (third ten years ago, sixth now) and British Leyland Cars (now the Austin Rover Group) have stayed in the top ten over the past ten years.

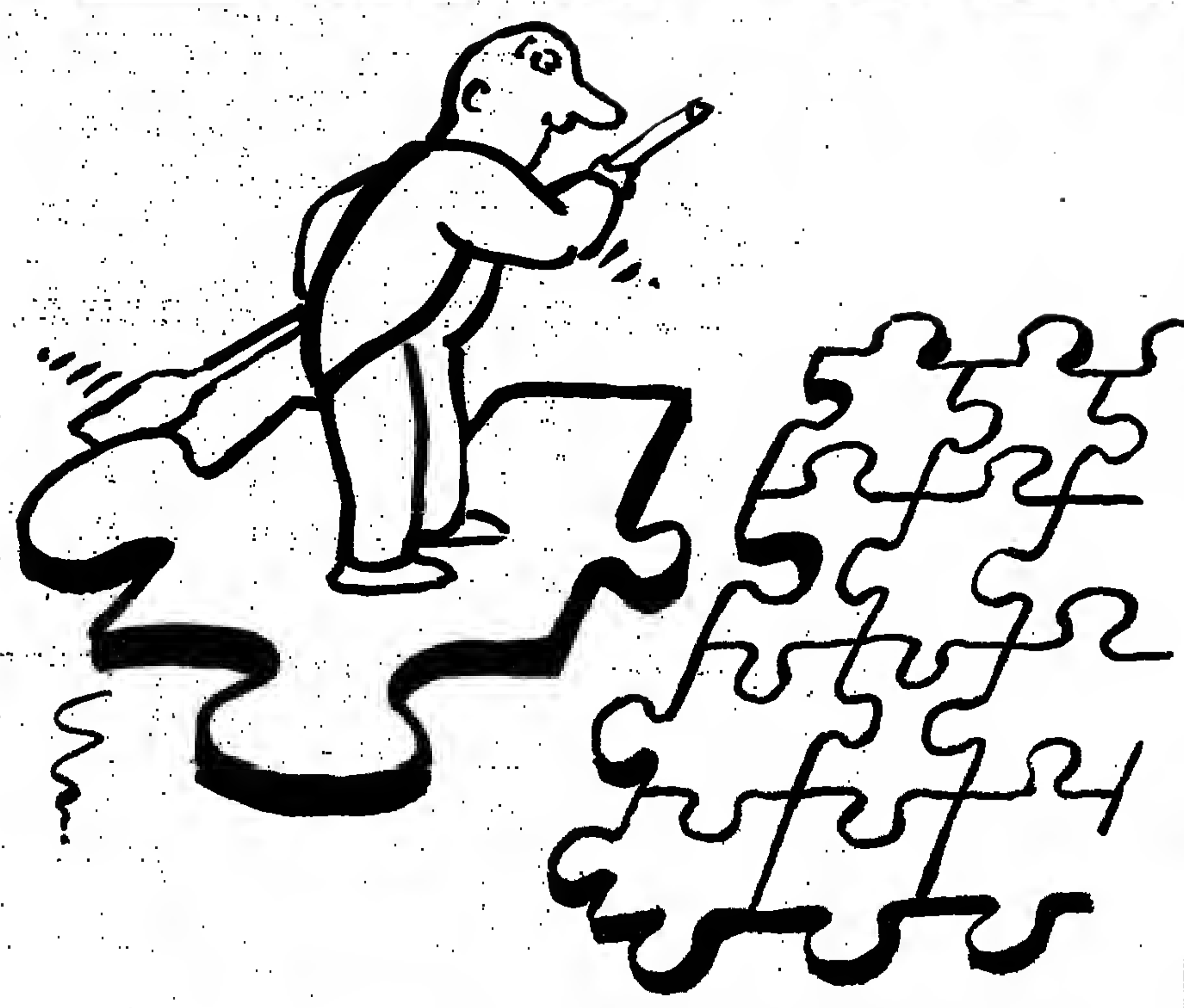
Top Ten Advertisers in the UK (1978)

Company	Spend £m	Rank 1978	Rank 1988
Rowntree Mackintosh	10.7	1	16
Cadbury	10.5	2	17
Mars	8.8	3	6
Boots	7.9	4	57
Lever Brothers	7.5	5	11
British Leyland Cars	7.3	6	9*
Procter & Gamble	7.2	7	1
Gallaher	6.4	8	13
Brooke Bond Oxo	6.0	9	10
British Railways Board	5.5	10	52

*Austin Rover Group only

Source: Meal

How to become Euro-compatible.



Britain's membership of the EC offers British companies a major advantage in a marketplace with almost as many consumers as the United States and Japan combined.

But to exploit this opportunity your company will need a computer system capable of coping with the intricacies of the Continent's innumerable laws, trade regulations, languages, and currencies.

Nixdorf COMET business software is that system. It's been the common business language of the EC for more than a decade. Designed for companies that trade internationally, it is programmed to cope automatically with the problems that international trade creates.

COMET software is Europe's largest business software library, fully supported throughout Europe by the European computer company with a worldwide reputation for customer service and support. Currently operating on more than 65,000 computer systems serving over 250,000 workstations around the world, COMET is the ideal system for coping with the complexities and mounting competition which market integration will bring in 1992.

COMET provides the foundation for your strategic planning, speeding your response to changing market conditions by fully integrating production, supply, purchasing, marketing, and distribution.

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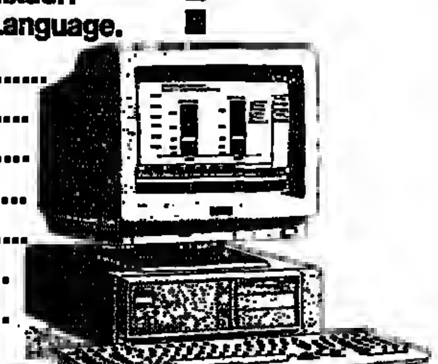

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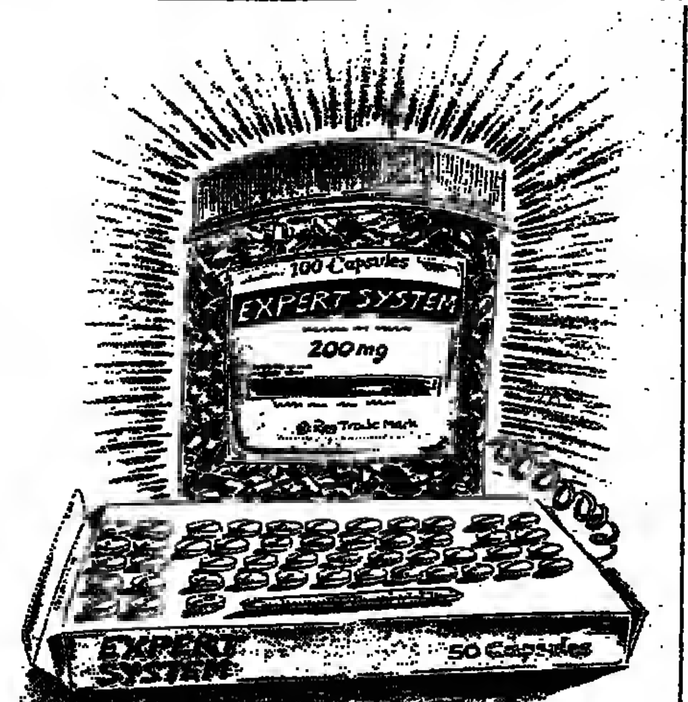
TECHNOLOGY

The computer learns from the experts

Della Bradshaw on the human face of artificial intelligence



Imperial Chemical Industries, the UK's biggest chemicals company, has come up with a new formula for retaining – and improving on – the traditional skills that go into formulating medicine.

Geoff Dalton, senior knowledge engineer with ICI's corporate management services, says that because of changing career paths, the company was in danger of losing certain types of accumulated knowledge. "The formulators used to stay in the job for most of their lives, but now they tend to be people just passing through, advancing another step on the career ladder. A lot of the old skills which we need to pass on to our next generation of staff are being lost."

ICI is trying to solve this problem by retaining this type of knowledge in an expert computer system, which is a form of artificial intelligence. To develop such a system, a set of rules is fed into a computer so that it can make judgments.

The company's pharmaceuticals business at Macclesfield is testing a formulation system, designed to stipulate the correct amount of each ingredient to put in a medicine – ease of manufacture being as important as efficacy. For example, if the active ingredient is not very soluble, an experienced formulator would experiment with a highly soluble ingredient. This can easily be translated into a rule for the computer along the lines of: "If this is true, then try x."

The formulation package used by ICI belies the idea that expert systems are large and expensive. The software, including specific programming for ICI, cost the company £11,000. It runs on an IBM PS/2 personal computer.

ICI chose a package designed for the mixing of ingredients. It is also used to formulate such products as food, oil and cleaning materials. Because the program deals with a generic function, product formulation, it is known as a "kernel" expert system. Kernels may also be industry specific.

The formulation kernel was jointly developed by Logica, Shell Research and Schering Agrochemicals and was then customised for ICI by Logica.

The development of these kernels will be one of the fastest growing areas in expert systems, says John Bader, chief consultant at BIS Mackintosh, of Luton. "We predict that the market for knowledge-based systems will grow at 34 per cent per annum and we expect that packaged systems, for such things as marketing support or credit control analysis, will be a major growth area."

Gary Born, business manager for the consulting division of SD-Scicon, estimates that there are about 400 types of expert system operational in the UK and about 2,000 worldwide. "We think the market in the UK is growing rapidly and is slightly ahead of the rest of Europe. But compared with the US it's still small beer."

The most widespread use so far has been in computer companies. ICL, of the UK, estimates that it saved £2.5m in 1987 and £4.5m last year from the internal application of expert systems. Digital Equipment, the US computer maker, says that it saves $40m a year in tailoring minicomputers to suit its customers' requirements by using its own expert systems, Xcon and Xsel.

However, Bader predicts that by 1995 the manufacturing and finance sectors will be the largest users of expert systems, accounting for 44 per cent of the $4.7bn world market.

At ICI, Dalton is hoping to prove that as well as capturing disappearing expertise, the package will also improve the formulations by extending understanding of how they are arrived at. The Macclesfield plant has also set up a research group to try to define rules for making medicines.

When staff from Logica customised the formulation software for ICI, they conducted the interviews with researchers and formulators in stages, developing the package as they went along.

"We used the emerging system as a way of getting information from the experts," says Barry Skingle, principal consultant at Logica. "When they saw the developments they would say 'that's wrong' or 'if that happened, I would do this' and so we would progam that in as another rule."

Dalton observed that the information from the research team was more useful to the programmers than that from the expert formulators. This demonstrates one of the difficulties of setting up an expert system: to translate the information extracted from experts into a computer-accessible form.

"Once people are experts they forget how they reason," argues Born. "When they try to explain to you how they reach a decision they can leap over whole conceptual valleys. That is the skill in interviewing – getting them to go through all the seqnential steps."

Born acknowledges that expert systems are only useful in applications where knowledge can be represented in a logical manner, as a series of rules. Indeed, many processes are not amenable to being broken down into rules and so cannot be translated into an expert system. "What these systems are not suitable for is the common sense type of area, where decisions are made intuitively," explains Born.

Although most expert systems are still used to harness existing company skills, there are a growing number which introduce outside expertise for companies wanting to move into new areas of business, particularly in the financial sector and in areas where there is a shortage of staff.

Expert systems can cut the time needed to make a decision, such as in a dealing room where speed of buying and selling is of the essence. They also work 24 hours a day, which is useful for monitoring industrial sites, they can train staff and give a second opinion.

Although expert kernels are a growing area, the more usual way of exploiting the technology at the moment is through an off-the-shelf "shell".

A shell usually contains several basic pre-programmed chunks: the inference engine (which is the dedvctive problem-solving technique); the knowledge base (which contains the formats for handling the information); and the user interface (which makes the software easy to use by pre-programming, for example, screen and menu layonts). A shell, which costs less than £1,000, can be programmed by anyone accustomed to working with off-the-shelf software packages.

In the UK, a number of small companies have grown up to provide shells, including Expertech in Slough, Creative Logic in Uxbridge, ISI in Redhill and Intelligent Environments in Richmond. Bob Skeens, account manager at Intelligent Environments, estimates that about 10,000 companies use its Crystal expert system shell in operations ranging from engineering to word processing.

"There are also a lot of company employees using it to improve personal productivity. They write themselves a short program to help them do anything from mending the laser printer to doing the monthly accounts," he says.

IT WAS as far back as July 1956 that the term artificial intelligence (AI) was coined by John McCarthy, then assistant professor of maths at Dartmouth College, New Hampshire, in the US. AI has now become an umbrella term referring to the advent of compnters that can make decisions in a human-like fashion.

The most widely nsed type of AI is the expert, or knowledge-based, system, the first prototype versions of which appeared in the mid-1960s in research departments and universities. A second system, which emerged at abont the same time, was the neural network.

Whereas expert systems work on a series of rules – if a, h and c are true then the best action is probably d – neural networks work by example. So In a medical diagnostic system, tha software is fed with a series of symptoms and associated diagnoses, and from those examples the system "learns" what diagnosis to give for which symptoms.

It was not until 1981, when Japan announced its ambitious 10-year fifth generation computer project, that European companies began to take expert systems seriously. One response to Japan's initiative was the Alvey project in the UK, under which the product formulation expert system, used by ICI, was developed.

WORTH WATCHING

Edited by Geoffrey Charlish

Recognition of strange voices

TOSHIBA, the Japanese electronics group, is working on a voice recognition system that does not have to be "trained" to recognise each new speaker. The aim is to make it useable by any member of the public in automatic vending, banking and similar applications.

At a railway station in Osaka, Toshiba and the Kinki Nippon Railway Company have completed a field trial of a jointly developed prototype of such a machine, for vending railway tickets.

Matters have been simplified for the engineers because the machine has to recognise only the names of 26 railway stations. After studying the voice characteristics of a representative cross section of 1,000 people, the designers were able to program the system with the reference patterns of the spoken station names. The traveller simply approaches the machine, plugs in a pre-paid, magnetic stripe card and states his or her destination. The fare is deducted from the card.

Public application of voice recognition is still in its infancy. As it develops, Toshiba expects widespread use in both public and private areas. The main advantage is that the conventional alternative; keyboards and screens, can be dispensed with.

Sensors that assist berthing

AUTRONICA, of Norway, has developed a computerised, radar-based system that assists large ships, such as oil tankers, bulk carriers and passenger liners, to berth. Quicker turnround and less likelihood of damage to ship or jetty are the main benefits of the system, which costs about £130,000.

The berthing ship is monitored by two microwave sensors on the jetty. These send out radar pulses that are reflected from the ship's hull and received by the sensors, allowing data about the ship's motion to be extracted by a central processing unit.

This processor sends out radio signals which are picked up by a portable unit, used by the pilot on the ship's bridge. On a small liquid crystal display he is able to see forward speed, the distance in metres of bow and stern from the jetty and the angle of the ship to the jetty. Dockside crews can view the same data on portable units. Readings are refreshed every two seconds.

On shore, the radar processing unit supplies data to a personal computer with colour screen and a printer. This allows the harbour or ship owner's officials to see the data, which is recorded on disk and can be printed out.

There are already several Norwegian installations. In Britain, the system is available from Autronica Marine UK of Chester-le-Street, County Durham.

Robots pack in various shapes

IN FRANCE, Vega Automation, of Troyes Aéroport near Paris, is offering a packaging system, with three robots, which is able to handle products of widely varying size and shape without stopping. Usually, such systems deal with only one product and hava to be re-programmed or adjusted for any other.

Called Flexline, the equipment was developed for large-scale distribution operations, where the dispatch department has to cope with a continually changing line of outgoing products. It can deal with a variety of products at the rate of 40 boxes a minute.

Three special types of robot ara used. One folds pre-glued cardboard blanks into an open-ended box, a second loads the product into the box and a third glues down the flaps and compresses and squares them off.

Additional computer programming for a new shape can be carried out in a matter of seconds, the company claims.

Platform to float marginal fields

A FLOATING platform, which the designers say could cut construction costs by 70 to 80 per cent, is being developed by Glasgow University and Seaways Engineering of London

Seaways Engineering, which made the original design proposals, believes thet a platform for the exploitation of marginal oil and gas fields could be installed for £25m, showing savings of £75m over conventional methods. This could make it worth exploiting some marginal fields.

The platform would consist of a 90 m square, 3.75 m deep upper table with a 15 m square section leg at each corner. The legs would be connected, at the bottom of the 57.5 m deep platform, by four members with cross sectional dimensions of 15 m by 7.5 m.

The whole structure would be made up from 7.5 m hollow cubes, fabricated from 14 mm steel plate with thicker high-grade steel at the corners to combat fatigue. Up to 12,000 tonnes of equipment and accommodation could be mounted on the table.

To join the cubes together, the assemblers would use the kind of automatic welding equipment common in modern shipyards. It is this approach, using just a few standard components, which would cut the cost so dramatically. No additional equipment or retraining of employees would be needed.

The Department of Naval Architecture and Ocean Engineering at Glasgow University has conducted tested and assessed the design, working with W. S. Atkins, the consulting engineers. Texas Eastern Oil and Conoco (UK) have funded most of the work.

According to the designers, the structure could find many uses, including offshore hotels and airports, desalination plants and sea-bed mineral recovery systems.

CONTACTS: Toshiba: Tokyo, 457 2104. Autronica Marine: UK, 091 388 7681. Vega Automation: France, 2578 2671. Seaways Engineering: London, 944 1599. Department of Naval Architecture, Glasgow University: UK, 041 330 4303.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(second tranche issued on April 28, 1988)

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period April 26, 1989 to July 26, 1989 the Notes will carry an interest rate of 9.0125% p.a.

The interest payable on the relevant interest payment date, July 26, 1989 will be FF 227.82 per Note of FF10,000 nominal and FF2,278.16 per Note of FF100,000 nominal.

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DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of April 20th, 1989 has approved the payment of a dividend of

US$ 0.02 per share

to shares subscribed and in circulation on April 20th, 1989 payable on May 2nd, 1989 against presentation of coupon no. 10. The shares are to be quoted ex-date April 21st, 1989.

The Shareholders can cash the dividend at the following bank:

Banque Générale de Luxembourg s.a.
27, avenue Monterey
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The Board of Directors

LEGAL NOTICES

THE INSOLVENCY ACT 1986 IN BANKRUPTCY IN THE HERTFORD COUNTY COURT

RE: MR GEORGE VAN ENGEL of 91 Ware Road, Hoddesdon, Hertfordshire.

On 7 April 1989 the above-named Court made a Bankruptcy Order against the above-named debtor.

NOTE:- All debts due to the estate should be paid to me.

Date: 21 April 1989
Signed: D E I Peat
Official Receiver
Oxford House, 40 Clarendon Road, Watford WD1 1HH.

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Name of person appointing the joint administrative receivers: Lloyds Bank plc
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Joint Administrative Receivers
(Office holder nos 188 and 098) of
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POLAND

The Financial Times proposes to publish this survey on:

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FINANCIAL TIMES
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هكذا من الأصل

ARTS

CINEMA

Trying to be funny, eh?

Professor Moriarty can do his worst but, in a week that sees his adversary on both television and the musical stage, there is no reason to suppose that Sherlock Holmes will not survive *Without a Clue*.

To be fair, the basic idea is not half bad. Watson (Ben Kingsley) is the detective but, finding that readers of *The Strand* magazine do not appreciate his notion of "The Crime Doctor," creates a more flamboyant alias. He then makes this character flesh and blood by hiring an actor (Michael Caine) to inhabit the costume and juggle clumsily with the props of his invention.

Where does pastiche turn into parody, and parody into pantomime? This pantomime is fond enough but, written and directed by Americans, it stumbles under-rehearsed across a stage that is mined with British trapdoors. There is a case of sorts. The Bank of England's printing plates have been stolen. Watson must puppeteer his drunkan, womanising incompetent through the the case, a challenge that leads Mr Kingsley into more eyebrow-arching than is strictly his forte, while the effortlessly elegant Mr Caine goes some distance towards redeeming the situation.

If *Without a Clue* was shown on television tonight, yon would misjudge its production date hy quite 25 years. This despite the fact that the editor of *The Strand* (Peter Cook), barks "Hold all calls!" before sequestering himself in a confessional conference with Watson, wherein the latter refers to his creation as, "that twit." But the film's epitaph is spoken mid-duel by Moriarty (Paul Freeman), as Holmes continnes his swordplay by thrusting a rapier blindly from behind a piece of stage scenery. "Trying to be funny, eh?"

*

From Australia, laden with a crop of native awards, comes *The Year My Voice Broke*, a haunting film written and directed hy John Duigan which delivers more than its initial promise of Antipodean rites of passage. It is 1962 and 15 year-old Danny has an unspoken crush nn Freya (Loene Carmen) who, though only a year his senior, is already branded as the town's bad girl.

Late in the film the town's guilty secret repeats itself when Freya becomes pregnant hy the local tearaway (Ben Mendelsohn). Despite a time-setting undercoat of 60s music and a top coat of contemporary film posters, *The Year My Voice Broke* evokes the 1955 *Rebel Without a Cause*, as the three friends unravel a tangled skein of parental hypocrisy and their own disappointed dreams.

Newcomier Noah Taylor, who takes the stretching role of Danny, *evidences* an astonishing sense of balance, walking the tightrope hetween child and adult before our eyes.

Stealing Heaven, the story of Ahelard and Heloise, is the first venture as producers hy Simon McCorkindala and Susan George. A misty Yugoslavia stands in for 12th century Paris where we first meet the 16 year-old Heloise in a convent, vexing the nuns with religious theories rude and radical enough to turn the Archbishop of Canterhury an episcopel purple. She is released into the care of an uncle (Denholm Elliott), a charlatan canon who tries to offload her into a marriage that will be as profitable to him as his trade in holy relics.

Instead the wilful girl falls body and soul for the philosopher-teacher, and his vow of chastity wilts under a weight of passion. Eating his cake and no longer having it (childbirth and castration are the consequences of their scandalous behaviour), Abelard persuades Haloisa that they should devote themselves to good works and a life apart.

Derek de Lint's Abelard sometimes misses the anguish of betrayed ideals, but the vivacious Kim Thomson makes more of Heloise than a sketchy script has the right to ask. There are eye-rolling histrionics from Mr Elliott and a touching performance from Mark Jax as Abelard's student, sick with nnrequited love of Heloise. Clive Donner directs.

The Irish *Joyriders* is a first feature of modest promise by Aisling Walsh, who also co-wrote with Andy Smith the story on which his script is based. A battered Dublin wife (Patricia Kerrigan) falls into company with a car thief. As the mutually mistrusting pair leave the city and head for a slightly suspect rural dream, the characters expand and soften, but not to the point of sentimentality. There are detours and wrong turnings along the route (the squandering of Billie Whitelaw in a rudely truncated role is a pity), but the film completes its journey in good running order. Andrew Connolly plays the joyrider with a stillness and confidence.

The ideas in John Carpenter's undervalued *Starman* (in which a honsewife falls in love with an extra-terrestrial who takes the human form of her late husband) have been plundered gracelessly *in My Stepmother is an Alien*, a bitty comedy that nowhere hints at the subtlety that director Richard Benjamin brought to *My Favourite Year*.

Widower Dan Aykroyd meets and marries inter-galactic visitor Kim Basinger, and his teenage daughter (Alyson Hannigan) is uncannily swift to diagnose the reasons for her stepmother's irregular behaviour. And that is all there is.

David Castell

Kim Basinger in "My Stepmother is an Alien"

WITHOUT A CLUE
Thom Eberhardt

THE YEAR MY VOICE BROKE
John Duigan

STEALING HEAVEN
Clive Donner

JOYRIDERS
Aisling Walsh

MY STEPMOTHER IS AN ALIEN
Richard Benjamin

Women Beware Women

BIRMINGHAM REPERTORY THEATRE

There are no good women in Middleton's tragedy, which probably dates from 1612. Bianca is brought on by her newly-married husband Leantio rolled up in a carpet, having eloped from her family. She is warmly greeted by Leantio's mother; but when her husband is away and the Duke, in a passing procession, gives her the eye, she is eager to be seduced. Her mother-in-law collaborates, and so does their neighbour Livia.

Isabella, engaged to the simple but wealthy Ward, is in love with her uncle Hippolito, so Livia, his sister, tells her *she is actually the bastard daughter of* a Spanish nobleman, and they may love comparatively innocently. The Duke makes Leantio the commander of his garrison in Rouen, an appointment that seems to involve a uniform but no duties. Bianca having moved into the Court, Leantio is free for grabs, and is duly grabbed by Livia.

These infidelities are not routine. The women's feelings are cunningly contrived, their emotions based more on profit than on sex, and the action progresses by way of some ingenious scenes. Livia plays chess with Leantio's mother while Bianca is being shown around the house by her brother, and the moves are given double meanings (Middleton wrote a whole play, *A Game at Chess*, on this principle). As they play, the Duke (who has been hidden in the trappings of an altar) begins his seduction.

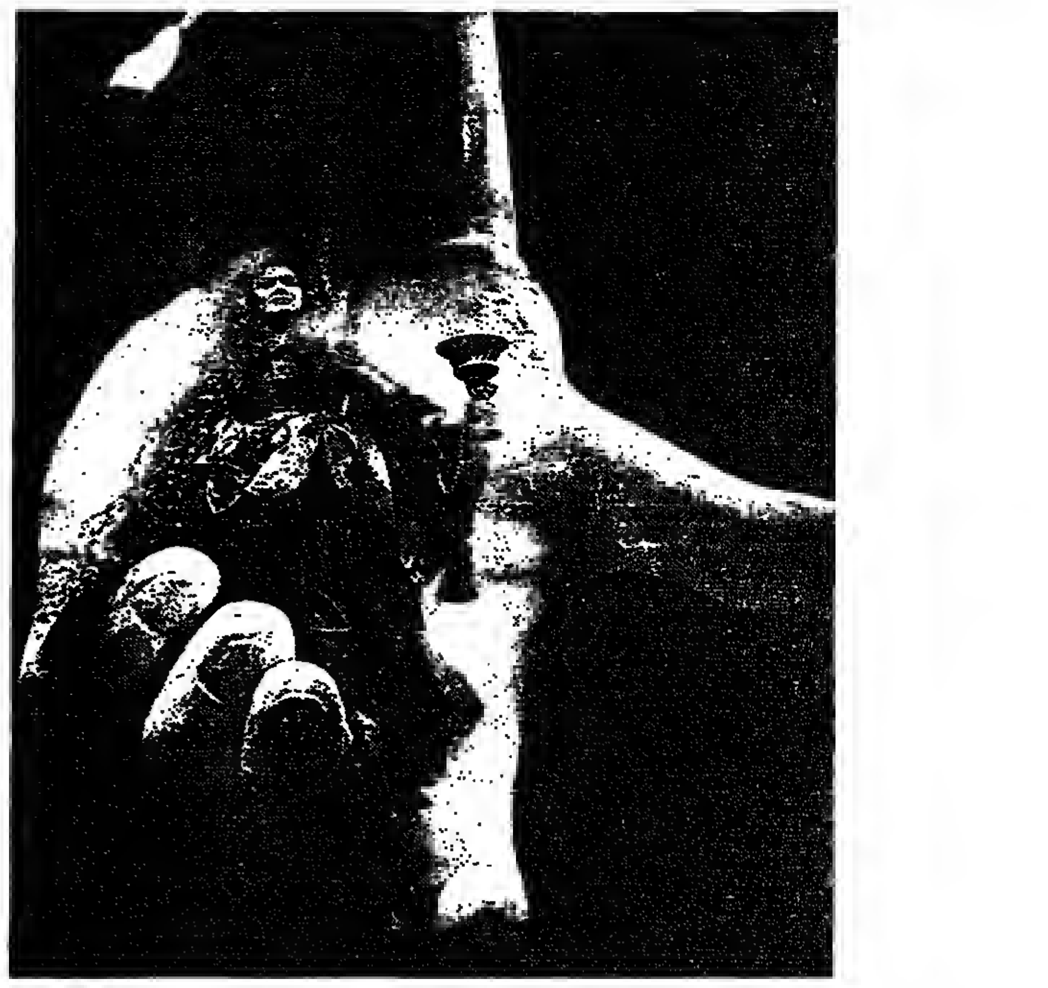
In the final scene, all differences are righted, or rather wronged, in a masque representing something of the situation. A nymph loves two swains. They put their case to the marriage-goddess Juno; she picks her choice, but the refused one raises up Slander to disgrace his rival. The parts are played by the real participants.

It ends with as many deaths as *Hamlet*. Livia, playing Juno (couched in a great plaster hand, lowered from the flies) is choked by her incense; Hippolito and his brother, the Ward's guardian, are shot with cupids' poisoned arrows or spiked on Slander's caltrap. Isabella dies from the gold powder thrown down by Juno; the Duke is poisoned by the drink he had prepared for his brother the Cardinal, who had tried to prevent the Duke's marriage to Bianca.

I have called it a tragedy, but by today's standards it is a comedy-thriller, and a very enjoyable one. John Adams's production, the text judiciously cut, is handsome and exciting. The duel with Hippolito that ends Leantio's life fills the whole great stage and the galleries with which Paul Brown has equipped his vast all-in chamber. There is an assortment of furniture from the last three centuries, equally unsuitable for the duke or the modest Leantio's Mother, but handy for all.

Judy Damas is a properly ambitious Bianca, Alyson Spiro a more domestically selfish Isabella. Patricia Quinn's insatiable Livia is as handsome as she is appalling. Apart from the Cardinal, Leantio, ably played by Mark Jax, is the only near-respectable one of the men, unless you count the idiotic Ward, whom Joe Dixon makes hyper-idiotic, but the acting is all good. The play is like a fine blend of Jacobean drama and *Dallas*.

B.A. Young



Patricia Quinn

La traviata

THEATRE ROYAL, GLASGOW

Scottish Opera can take the credit for "discovering" Nuria Espert as an opera director with the *Madama Butterfly* that she produced in Glasgow in 1987. That staging was brought to Covent Garden last autumn, where it was speedily followed by her new *Rigoletto*. Ms Espert has returned to Scotland for her third venture in Britain; the *Traviata* which opened on Tuesday is a co-production with Teatro Lirico Nacional La Zarzuela. It should be received with more modified rapture than greeted her *Butterfly*, but *attract fewer strictures than Rigoletto*.

Again she is working with the designer Ezio Frigerio (sets) and Franca Squarciapino (costumes); one recognises the familiar attention to period detail and the confident filling of the full proscenium space – sombre high-walled rooms for the parties, airy, sparkling windows and shutters for the Act 2 villa, and a deathbed lodged in the dilapidated remnants of the room in which the opera had opened, the portraits now stripped from the walls to leave faded, desolate outlines. All that is so right; but less convincing across the span of the opera is Espert's control of the drama.

In short stretches it springs vividly to life, and those spells of concentration tend to lengthen as the opera moves towards its final scene, so that can he played ont with a snstained tension that is totally riveting. But important moments earlier are lost, and the first meeting of Germont *père* and Violetta is critically lacking in intensity. Played so flatly it gives the whole second act an uncertain centre, and provides nothing on which to pivot the remainder of the tragedy.

How any individual section is realised appears to have depended on the director's ability to construct a theatrical metaphor for each given context; so "Sempre libera degg'io" is provided with a startling counterpoint when Violetta crushes a wine glass in her hand, while the final scene is dominated by her increasingly desperate attempts to struggle into a flaming pink party dress. When a supply of such images cannot be furnished, the opera begins to lose its texture; any requirement for the music and drama to be made mutually dependent, each reinforcing the other, or indeed for the characters themselves to estahlish connections, finds this production wanting.

In the programme, John Mauceri lays great emphasis on his keenness to give the score as fully as possible, with every verse of each aria restored and two full intervals to articulate the three acts. Cartainly he jnstifies his decision; everything from a rapt prelude to the first act onwards is unfolded with careful pacing and weight. Though it is not an excitable account, the density of tone visited upon the curtain of the second act is considerable and once again he has persuaded the Scottish Opera Orchestra to play at their very best for him, though nothing that derives from the pit can pull the drama together when things sag.

Nancy Gustafson's Violetta is understandably most persuasive when the focus is sharp; her singing is stylish and tidy always, but lacking intrinsic excitement and sometimes power. But the way in which she handles the last act, every detail fixed and pertinent, *goes a long way* to compensate for earlier blandness. Jorge Pita has a convincing if scaled-down heroic timbre, but faltered disturbingly in the second act, and did not give Alfredo any kind of allure or tragic dimension. James Dietsch's Germont used what is not intrinsically an appealing voice with tact and sensitive phrasing, though he suffered from being underproduced, as if this portrayal had strayed in from another concept altogether in which everything was pared down to the central love affair.

I don't think that is Espert's intention, though one cannot be quite sure. There is not much going on elsewhere on the stage, and other characters fit in and out without impressing themselves on the action at all, while the handling of the chorus is confusing, veering between carefully choreographed traffic around the stage and regimented hlock formation. The chance to relate Violetta to the society which fashioned her and which Frigerio could have evoked so precisely is altogether ignored. The appearance of the matadors is capped hy a splendid Spanish dancer (Gabriel Heredia); when the higgest ovation of the evening is reserved for him, one knows something has gone awry.

Andrew Clements

Nancy Gustafson

The Black Prince

ALDWYCH THEATRE

A new play in the West End by Iris Murdoch: a rare, forgotten pleasure since the long-running days of *A Severed Head*, on which J B Priestley collaborated, and *The Italian Girl*. Even more so than those novels, *The Black Prince* (1973) lends itself to the stage. The loan is particularly welcome for the electrifying performance it elicits from Ian McDiarmid as Bradley Pearson, the Black Prince, Bardic Presence, perfectionist writer and tax inspector.

Here are yet more aspects of love. The world is closing down on Bradley as he tries to escape. The taxi to King's Cross coincides with a deterrent ring at the door. Bradley's rival and protegé, Arnold Baffin, has brutalised his wife, Rachel. Their daughter, Julian (sic), has a crush on Bradley and wants him to help her with *Hamlet*. Bradley's sister, Priscilla, has left her husband and gone mad. Bradley's ex-wife, Christine, has turned up, and so has Bradley's disgraced doctor friend, Francis.

If indeed life is lived twice, the first time as tragedy, the second time as farce, then the theatrical compression is here a tragical farce. And a deliciously cerebral one. In the first act, doors slam, telephones ring, and Mr McDiarmid overflows with a bilious *resentment bordering on intestinal fury*. The indicrous entwinements that characterise all Murdoch fictions are given a sort of yelping physical dimension. Bnt insistently, Bradley argues the cause of truth, the value of art.

He cuts a figure both touching and pathetic. In the novel, the literary analogues reside in both *Hamlet* and *Rosenkavalier*. On stage, the latter is dispensed with and wa lose the comically hanal equivalent of Octavian's callow lust for the Marschallin.

Instead, the hlazing *Hamlet tutorial*, during which McDiarmid is literally flattened by an erotic thunderbolt, hecomes the emotional lynchpin of an entertainment that wittily and *cruelly dissects the indiscriminate* power of obsessive love; and the relationship between action and narration, between Hamlet as a character and an embodiment of his creator, between Bradley as a puppet and Bradley as our trusted navigator.

These are powerful tensions in the theatre, and McDiarmid perfects a stunning gradation from hysterically nutty marionette to sobbing, tear-stained victim. "We have no language in which to tell the truth about ourselves" is the most truthful thing he says all evening. Having been told of his sister's suicide, he is spurred to complete the seduction of Julian who has dressed up as Hamlet complete with black tights and sheep's skull.

The skull is a memento mori from the beach, and although the switch of location signals a change in temperature from the hectic to the rhapsodic, there are slight awkwardnesses of adaptation that Stuart Burge's otherwise vigorous direction and Ultz's clumpy settings cannot disguise.

The second act starts with the wonderful sight of a spooky calm between the storms. Love-smitten Bradley is being nice to everyone, a social state McDiarmid – "I am driven sane" – makes as oddly grotesque as his biliousness. His manic hospitality embraces some exceptional supporting performances.

The Baffins are played by the pawkily bland Simon Williams and the magnificently blowzy, *bosomy Sarah Badel* (an actress we see too little of, but not on this occasion). John Fortune is a treat as Francis (dried ont since the novel), wrapping up the Hamlet connection witb an avowal of Bradley's bomosexuality in *the cunning postcripts of dis*association. Deborah Norton is the screeching divorcée, and Norma West, an actress new to me, is ontstanding as tbe quakingly vulnerahle Priscilla. Also new is Abigail Cruttenden as Julian, e second Imogen *Stubbs but* with a far more disarming maturity of technique and expression.

This convocation of talent is further evidence of the new creative surge in the commercial sector instigated by the prodncer Josephine Hart. McDiarmid gives a performance which is already an indelible bighlight of the theatrical year: strong, hrave, funny and genuinely tragic.

Michael Coveney

Cumbre Flamenca

SADLER'S WELLS

It is a trihute to the magnificent qualities of the Cumbre Flamenca troupe that, just seven months after a first visit to Sadler's Wells, a second season should be so welcome. The personnel of musicians and dancers is largely *unchanged*, with that divinity Carmen Cortes the one serious loss. Replacing her is the ferociously gifted Juana Amaya, whose dances seem harely tamed for the theatre, and tear at our emotions. By turns angular, voluptuous, she strides and carves nut vivid shapes of movement, and is thrilling.

Otherwise, Angela Granados, Antonio Canales and Cristobal Reyes have returned in fine and frenzied form, ablaze with energy and temperament, and a new singer, La Tobala, joins the musicians to insinuate arabesques of melody round the vibrant core of the dance.

And there is, once again, the intoxication of La Chana. For her solo *Alegrias* she hursts on stage at a run and is miraculously there, backed hy her quartat of musicians. In a black dress, hair loosely gathered, she makes a few incantatory stamps. She has summoned her daemon, and the dance inhabits her. As vocalists and guitarists offer her the rhythmic basis for her art, she becomes possessed, arms curving, fingers clicking, and feet drumming, purring, striking sparks from the stage and firing our hearts.

She takes a pattern of steps and sets about emhroidering them, elaborating a phrase, flinging amazing feats of virtuosity at us as she beats with one foot, or holds ns spell-bound with trilling heels that move from a clarion *forte* to a *pianissimo* which stills the entire theatre. Goaded hy her musicians and by our enthusiasm, sha dares wilder and more hrilliant things, impossibilities of step, cadenzas of stamping. Towards the end of her dance she walks, holding the rose from her corsage, offering it to us – or to the spirit that has inhabited her for the extraordinary space of this solo – and we know we have been in the presence of greatness, and of something that transcends the dance itself. She is unique and marvellous.

From Antonio Canales and Cristobal Reyes performances of complete mastery, marked by those giddying shifts between complete stillness and the toughest physical actions, their bodies fine Toledo blades. From Angela Granados, a *Taranto* whose charm was matched by statuesqne beanty of pose. From the entire ensemble – the musicians at every moment the peers of the dancers – a memorably fine evening which I recommend to every dance lover.

Clement Crisp

ARTS GUIDE

April 21-27

EXHIBITIONS

London

The Royal Academy. The Royal Treasures of Sweden 1550-1700. An exhibition that sounds somewhat dry and daunting but is in fact a wonderful spread of riches, beautifully presented, trophies drawn from across the whole of Europe in the time of Sweden's abrubt emergence as a European power. Daily until June 18.

Paris

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Closed Tue. Late opening night Wed. Ends June 26 (42895410).

The Louvre. Les donateurs du Louvre. Aptly, the newly refurbished museum inaugurates the 1,200 square metres of space created underground for temporary exhibitions by expressing gratitude for the generosity of donors throughout its existence. What would the Louvre be without Rembrandt's Bethsabee, Goya's Marquise of Solana or without the odalisques in the Turkish Bath by Ingres? Without the Greco-Roman silverware from Boscoreale, the towering effigy of King Amenophis IV or Cressent's 18th century Commode with a Monkey? Between the first gift – a 17th century Dutch genre scena A Dropsical Woman bestowed by a young officer in 1798 and the last offering – Saint Thomas by Georges de la Tour purchased thanks to a public subscription in 1988, 350 works chosen from among tens of thousands show the excellence and variety of donations. Tuesdays. Ends August 21. Entry through the *Pyramid, Hall Napoleon, Niveau* Accueil.

Amsterdam

Stedelijk Museum. The first major retrospective of the work or Kasimir Malevich combines loans from leading Soviet galleries with the famous holdings of the host museum. Ends May 28.

Van Gogh Museum. Prints, drawings and gouaches illuminate the work of Gauguin's followers who banded together under the name Les Nabis. Ends May 28.

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.

Musées Royaux d'Art et d'Histoire. Tibet – Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. Indus: Ancient Civilisation from Pakistan (both closed Monday and ends May 14)(733 9610).

Archives Generales du Royaume. Witches in the Netherlands, 16-17 centuries (closed Monday).

Banque Bruxelles Lambert. Women at the Time of the French Revolution – daily, ends May 15.

Galerie CGER. The Heritage of the French Revolution 1794-1814. Daily, ends June 11.

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored hy the American Express company, will have its second stop here in Frankfurt *on the European tour. These fascinating* sketchbooks, owned by Picasso's family have never been shown in public before. All styles and periods in his working life are represented here. These books cover around 70 years of his life; his start in Spain of tha turn of the century, *the cubism period before the* First World War, and followed by the period from 1920 to 1965. Ends May 28.

Berlin

Fritz Koenig. 35 sculptures worked in iron, 70 script pictures and 80 drawings by the German artist Fritz Koenig, born in 1924 are exhibited until May 1. Akademie der Künste, Hanseatenweg 10.

Frankfurt

Kunstmesse, Ludwig Erhard-Anlage 1 (Messegelände). Frankfurt's first international art fair from April 21 to 26 will be presented in Helmut Jahn's newly built hall No 1, with 205 seperate galleries on two floors of the impressive building. The fair focuses on the avantgarde, but with some modern classical work. There are some not so well known *aspects of modern art* in ceramic, glass and design, and books specially created by the artists.

Cologne

Bilderstreit. Rheinhallen der Kölner Messe, Messegelände. Deutz. The two organisers Johannes Gachnang and Siegfried Gohr, present "contradictions and contrasts as the essential source *for the debate* about contemporary art". This exhibition is in contrast to avantgarde: it explains areas of action and attempts to provide an unprejudiced outlook on the current art scene. Approximately 1,000 works by 130 artists concentrate on art since 1960. The show should give a detailed view of different art styles, with "old classics" of modern art next to works by contemporary artists. Among them are Gilbert and George, Kasimir Malewitsch, Blinky Palermos, Carl Andres, Edvard Munch, Markus Luepertz, photographers Bernd and Hilla Becher, Joseph Beuys and Dadaist painter Marcel Duchamp, John Baldessaris and Georg Baselitz. There are also works from William Copley's collection by Duchamp, Man Ray, Max Ernst and Rene Magritte. Ends July 2.

Vienna

Secession. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstairs and see Klimt'e Beethoven Frieze, which has been restored to its original place. The Secession, home of Vienna's fin-de-siecle painters, has been wonderfully restored.

The Kunstforum, a new art gallery run by the state-run Leanderbank, makes its debut with the Leopold collection, a Viennese who bought several paintings by Egon Schiele, one of the leading lights of Vienna's fin-de-siècle, for next to nothing in the 1950s. There are some wonderful Klimt sketches and Kokoschkas. Well worth catching. Ends June.

Rome

Accademia di Spagna. The Mirós of Miró: More than 100 works by Joan Miró, including ceramics, drawings and watercolours and oils, which had been kept in the artist's studio in Majorca until his death in 1983. Until June 4.

New York

Pierpont Morgan Library. Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Golzius, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 30.

Museum of Modern Art. In advance of its arrival at London's Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970 surveys all his work from the 1950s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, disaster paintings and numerous self-portraits. Ends May 2.

Washington

National Gallery. More than 160 objects from the Fitzwilliam Museum in Cambridge include paintings by Titian, Guercino, Rubens, Van Dyck and William Blake. In addition illuminated manuscripts, ceramics and bronzes show off e collection that is considered "perhaps Britain's pre-eminent museum." Ends June 18.

Chicago

Art Institute. As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

Tokyo

National Museum. Screen Paintings of the Muromachi Period (1384-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of its art was produced under the influence of Zen Buddhism and of Chinese ink painting of the Sung and Yuan dynasties. Landscape, birds and flowers are among the favourite subjects and this exhibition includes works by such masters of the genre as Sesshu and Kano Motonobu. Closed Mondays.

National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen to demonstrate the development of western art from ancient Greece to the Renaissance as well as to present the architecture of the Vatican itself. Closed Mondays.

Hara Museum, Kitashinagawa. Hara Annual IX. Recent works by ten young and upcoming Japanese artists: an opportunity to view trends and developments in contemporary Japanese art. The museum was renovated recently in anticipation of its tenth anniversary. Closed Mondays.

SALEROOM

Records all the way

Sotheby's and Christie's in London have euccessfully marketed the fact in the last three years that they can best sell the cream of Scandinavian art, especially the creative output of the 19th century which was over looked for generations. Record price followed record price and a new genre of painting was accepted by the collecting world. This has incensed Bukowski's, tha leading auction bouee in Stockholm, which got its own back on Tuesday by proving that the art of the North could sell just as well on home territory.

It set new anction records for three of the top Scandinavian artists. A typical nude girl by Anders Zorn, emerging from a fiord with a rather apprehensive look, painted late in his life in 1918, sold for £1.1m, ensuring that he joins the select band of artists to hava topped £1m. His more homely contemporary Carl Larsson, who preferred to paint his family, set a new high of £440,000 for a portrait of his daughter Lisbeth wearing ber new hat while a Bruno Liljerfors of the same era, a more challenging work of a fox stalking thrushes, sold for £240,000.

Salerooms love to claim records, the more obscure the better. Christie's was chancing its arm yesterday by asserting that the £104,500 paid for a pair of library globes was a new high for the sector. The globes, both terrestrial and celestial, were probably made in Milan in tbe 17th century, e pair of only five of the type known to have survived. They were copied from tbe maps of Mattheus Greuter and the buyer paid comfortably over the £60,000 upper estimate.

There were plenty of records for Christie's in New York on Tuesday night in a photography sale to celebrate 150 years of the art form. A Man Ray, "Kiki Silhouette", more than doubled its estimate at £37,714 to a Japanese collector while a Japanese company bought a photomontage by the Russian El Lissitzky for £36,457.

Antony Thorncroft

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Thursday April 27 1989

Further to go on farm costs

EUROPE'S FARM ministers have agreed this year's price package a full two months earlier than they managed last year and the year before. What is more, they have agreed to measures which do not in any important respect compromise the process, set in train at the Brussels summit 14 months ago, of controlling spending on the costly common agricultural policy (CAP).

That is all good news. Before the summit, farm spending was rocketing, and at some Ecu 27hn accounted for two thirds of the total European Community hudget. Now the farm hudget is actually Ecu 2hn lower than the guideline set hy the summit and well within sight of the target fixed for it, at half the total budget hy 1992.

Unfortunately the combined success of the ministers, the Spanish presidency, and Mr Raymond MacSharry, the new agriculture commissioner, in achieving such a timely price package does not mean that all is well with the process of reforming the monstrously complex CAP which, along with the almost equally costly US system of farm subsidies, has done so much to distort world farm trade.

Cereal prices

To start with, the success in keeping the EC farm hndget within bounds owes too much for comfort to the accident of the rise in world cereal prices following last summer's US drought, rather than to the so-called hudget stabiliser mechanisms set in train hy the EC itself. The drought has effectively given Brussels a windfall, since it has lowered the export subsidies which go to make high priced EC commodities competitive in export markets. Farm spending could well threaten to get out of control again if, as is quite possible, there are record cereal harvests in the next year or two in the US and the EC.

On the hroader front however, the worry is that, although the procedural logjam on agriculture in the negotiations in the General Agreement on Tariffs and Trade (Gatt) was hroken in Geneva earlier this month, the prospect of a radical reform of the world's farm trade could prove as far away as ever.

Two areas of concern stand out. It was certainly naïve to expect that negotiations on farm reform could take place on the basis of the opening stand of the US Reagan Administration, which called for the abolition of all farm subsidies within 10 years. The EC made it clear that it wanted support for its farmers to be retained and the agreement struck in Geneva was on that basis.

Freeze on support

However, although the agreement restates that the longer-term objective of the Gatt parties remains the establishment of a fair and market-oriented agricultural trading system, the short-term measures agreed suggest that the EC will have to make no further reductions in support levels for at least two years. This is because the principal measure, a freeze on current support levels, is to be calculated in such a way that what the EC has already achieved under the programme of stahilisers can be counted in its favour with the Gatt.

In addition there is concern that the major trading hlocs still have a long way to go hefore they reach agreement on how they should measure – and thus equitably reduce – the support each gives to its farmers in the longer term.

The US and the farm exporting Cairns group of nations favour the instrument known as the producer subsidy equivalent, drawn up hy the OECD. This measures all subsidiea and import restrictions of benefit to producers, expressing them as as a percentage of the total price paid to the producer. The EC, hy seeking to include currency and world price movements, is intent on watering this measure down.

It may be too early to claim, as some expert commentators have done, that the Geneva agreement on farm reform makes it unlikely that the EC or the US will make any effective reductions in protection or subsidisation over the next few years. But there should be no illusions that a sensible deal on reforming world farm trade is round the corner. There are far too many opportunities for backsliding and complacency for that to he true.

A cold wind from below

TWO SPECTRES are haunting the leaders of the reforming Communist states of the Soviet Union, Poland and Hungary: the intelligentsia and the working class. The first, avid for the intellectual freedom they have never had and have now tasted, give allegiance to the most radical of reformers and threaten to outrun even these.

The second spectre is usually mute. The workers have an independent voice only in Poland, where the Catholic Church preserved civil society from the fragmentation suffered elsewhere in Eastern Europe and was able to deliver workers and intellectuals to Solidarity, led by the devout Catholic electrician, Mr Lech Walesa. It was Solidarity, and its success in the yards, mines, plants and offices of Poland, which has been the largest component in the historic compromise made between party and people earlier this month.

In Hungary – as Mr Imre Pozsgay, the ultra-reforming deputy Prime Minister said in London yesterday – "the anonymous masses have not spoken," leaving the field instead to the factions within the Hungarian Socialist Workers Party and the feverishly active groups of intellectuals in Budapest. But Mr Pozsgay recognised that "when people cannot tolerate any more they would burst out in rebellion."

Big Brother knows these fears. Mr Mikhail Gorbachev must have felt the chill, even if it was in part refreshing, when he saw the first results of the voting in last month's elections to the new Soviet parliament.

Living standards

Some leading Communists – notably in Leningrad – could not even win seats where they had no competition. Boris Yeltsin cleaned up in Moscow on an anti-party privileges ticket which was demagogic, irresponsible and hugely popular. The pro-independence movements swept the Baltics. It was resentment over Party authoritarianism, Russian chauvinism and most of all over grim living standards.

His response has been to throw out the old cards, 110 of them, who have been stacked to one side since Leonid Brezhnev died. It shows he remains in the political ascendant, that he is capable of moving firmly but not precipitately, that he has not become bogged down or exhausted. If the new Central Committee is not yet exactly "his", it is certainly no longer a Brezhnev hangover.

It has been reshaped less than two months before it must deal, at a Plenum, with its most delicate question – the rights and responsibilities of the republics which constitute the Soviet Union. It is this which could most easily wreck the measured pace of reform the Soviet leader has tried to set.

Popular nationalism

If, below the decades of class struggle and class "victory" which has been the official version of how Soviet society was evolving, there has been preserved a popular nationalism, then a strategy which seeks to replace coercion with democracy and rights will find it hideously hard to dictate the pace of change – and may fail.

Further, the very nature of the reforms embraced by all the movers and shakers of the Communist bloc – bringing in the market – will disturb and likely further impoverish many workers. Knowing this, all three – most particularly the Soviet Union – are dithering on economic reforms. Unlike the intelligentsia, the workers have little incentive to accept rights in lieu of sausages.

Common to them all, too, is a much greater transparency of the political process: the tensions are easier to see. Mr Pozsgay was probably right when he repeated his view yesterday that the reformers should keep a grip on the Party, isolating the conservatives, but not allowing a political vacuum to develop as they transit towards a more democratic time.

Mr Gorbachev has not sounded nearly so democratic as Mr Pozsgay, but is now less constrained by dogmatists and more impressed by popular will. His twin spectres can drive him faster, though often in contradictory directions. He has fewer obstacles but fewer excuses. He must now cease to assume he acts in the name of the working class – and do something for it instead.

ECONOMIC VIEWPOINT

Teenager's guide to UK trade

By Samuel Brittan

This is a good time for an intelligent teenager's guide to the trade figures. The publication of estimates for a complete quarter happily coincides with this week's Economic Viewpoint. Moreover, various distortions, such as oil disasters and threatened dock and other strikes, may from now on so distort the trade picture that this may be the last chance to review trends for some time.

My first advice to the teenager would be to forget altogether the estimate for March alone. Monthly fluctuations are so erratic that almost nothing can be learned from them.

Our teenager can get a bird's eye view of the balance of payments hy looking at the first quarter's deficit at an annual rate – some £18bn per annum.

Even quarterly movements can he quite erratic. So we need to look for possible distortions. But having done so, £18hn still seems within the right ball park. It is smaller than in the last quarter of 1988 hut larger than the £14¼hn recorded in 1988 and also forecast by the Treasury for 1989.

Our teenager ahould now move quickly to Tahle 6 in the press release. This shows trade in volume exclusive of oil and erratic items such as aircraft.

Two most interesting trends immediately emerge. Export volume in the first quarter was 11 per cent above a year ago. But the growth of import volume was still greater – 17 per cent. This is a sign of the inflationary growth of demand for which the current deficit has acted as a safety valve.

Secondly, however, in the shorter period since the last quarter of 1988, export volume has increased faster than import volume, namely by 6½ per cent compared with 3 per cent. One could make these last changes look very sensational by annualising them and inviting the Treasury Committee of the House of Commons, which made great play in its recent report with the implausibility of the officially forecast improvements in the balance of payments, to bite the dust. But that would be to reduce the level of argument.

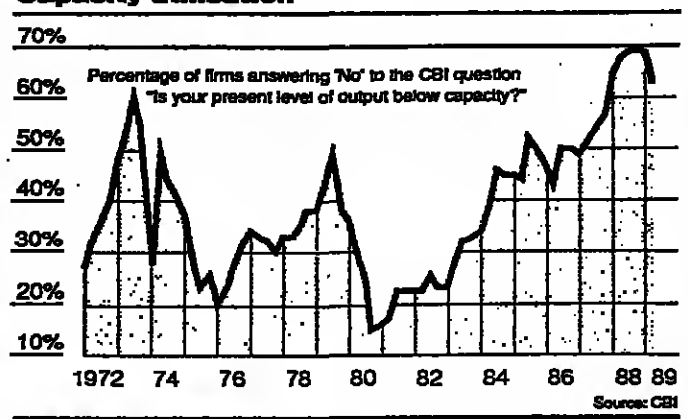
A safer conclusion is to say that we have here some very tentative evidence of the "capacity effect" of lower home demand in releasing resources for exports at which the Committee sneered.

There is stronger evidence, however, of a slow-down in domestic demand, which fits in with other indicators that the economy may he coming off the boil. The most important other signals are the levelling off in the housing market and the CBI Survey, which shows a notable easing in capacity constraints, although at a historically high level.

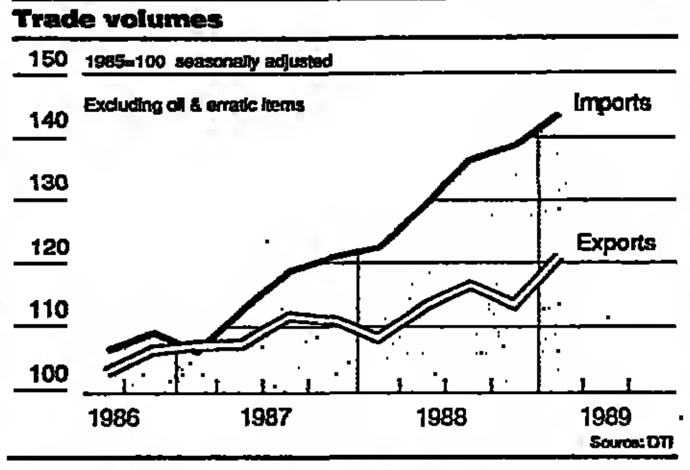
It is also worth taking a squint at the unit value indices. These show that despite the still moderate increase in import prices (most of which were dne to fuel), export prices rose still further. This again throws doubt on whether British industry is yet under a severe squeeze from the exchange rate or anything else, and suggests that it has ample scope to adjust to future pressures by a tougher attitude to labour costs.

The main inflationary forces are probably now shifting from capacity constraints to labour shortages. This is suggested both hy the continned drop in unemployment and the resurgence of union militancy.

Capacity utilisation



Trade volumes



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Let us suppose that the current deficit levels off at a published figure of around £14bn. This would correspond to just under 3 per cent of GDP, a percentage which would decline gradually as GDP rose. Would that be the end of the world? The Treasury Committee seems to think it would be.

Its whole analysis of Government policy stands or falls by one assertion: that of its specialist adviser, Gavyn Davies of Goldman Sachs, who does not know of any major country which has run a series of current external deficits amounting to a similar percentage of GDP without meeting currency difficulties. This assertion about the past is taken by the Committee as a prediction for the future.

Even as a historical assertion, the dictum about payments deficits is highly disputable. The obvious comparison is with the US, which has run just such a series of deficits. But has it had the currency difficulties which the Committee has in mind?

Of course the dollar has fallen heavily since 1985. But that was after a giddy rise which the then US Treasury Secretary James Baker desperately wished to reverse.

Be that as it may, the Treasury Committee has certainly not shown that a deficit of under 3 per cent of GDP – let alone one of 2 per cent, which may be more like the correct estimate for the UK after allowing for the black holes in the statistics – cannot in the right circumstances be sustained for several years.

The hig change since the examples cited hy Davies has been the growth and liberalisation of world capital markets in which there have heen ample savings surpluses to invest, but a shortage of credit-worthy borrowers.

The issue was recently posed in far more interesting and forward looking terms by Walter Eltis, director general of the National Economic Development Office (Nedo). Mr Eltis lists three possible explanations for the current account deterioration in 1988. They are:

● The very large increase in investment last year – probably 14 per cent – which was not offset by a corresponding increase in savings.

● An excessively limited range of products that the UK is able to supply competitively, leading to bottlenecks and import surges whenever demand grows rapidly.

● A rise in the exchange rate weakening competitiveness.

Nedo's own industry-by-industry approach tends to put the emphasis on the second set of factors. As for sterling, Mr Eltis says that the pound remains competitive at DM 3.20 and that there have been relatively few complaints about competitiveness in relation to Community countries. The complaints have come in relation to the dollar – where sterling appreciation has been a trend since 1985 rather than a sudden shift – and has been the mirror image of the dollar's own fall to more realistic levels. There is no way by which the pound and dollar can simultaneously he lower against each other.

The first Eltis explanation, the investment boom, is the most fundamental. It is of course a variant of the excess demand explanation. But its special feature is that the unexpected increase in demand has been of a kind likely to increase future capacity and competitiveness.

Mr Eltis asked the National Economic Development Council meeting of April 5 whether it would welcome the continuation of the present upsurge of investment, even if a fraction of it continued to be financed overseas via a current account deficit. Let me try to answer.

The difference between a continuing deficit and a rising deficit is crucial here. A continuing deficit would not necessarily be a problem. A rising deficit, on the other hand, is a sign of *increasing* excess demand; and it is donhtful if the financial markets would finance it on tolerahle terms, however virtuous its source.

It is however, extremely unlikely that investment could, should, or will continue to grow at anything like the 1988 rates. If investment grows a little more slowly and there is some moderation of consumer spending, then aggregate domestic demand growth will slow down. But it is unlikely to slow down enough to eliminate or perhaps even reduce the deficit very much by 1990, 1992, or some such magic date.

Such a development ahould only bother those enveloped in a time warp. There would be a better balance between investment and consumption than in most of the last decade, and so long as the overseas sector financed a stable current deficit (which would be declining slightly as a proportion of GDP) at a non-depreciating exchange rate, inflation too would be under control. Over the years more of the deficit would be devoted to interest payments and less to paying for imports. But in the meanwhile British industry would have been re-equipped.

In the end there will always be a flow of funds from countries with savings surpluses to others where the rate of return on new equipment exceeds the real rate of interest – a healthy trend which will never be understood by those in the grip of mercantilist doctrine.

BOOK REVIEW

No one is in charge

THE ENIGMA OF JAPANESE POWER
By Karel van Wolferen
Macmillan £16.95

Translating Shakespeare into Japanese is not easy. But it can be positively alarming to render the Japanese back into English. Thus the opening lines of the soliloquy in Hamlet come out as: "It is, it isn't, what is it?"

Which would have made an excellent title for this most thoughtful of books. For whereas most essays on modern Japan, including some good ones, focus on conspiracy theories of one form or another, Mr van Wolferen goes an important stage further.

Indeed, his work may be seen either as a complex exposition of the anti-conspiracy thesis, or as an even more devious exercise, the ultimate conspiracy theory, for which, in the author's words, the argument runs as follows:

"Statecraft in Japan is quite different from in Europe, the Americas and most of contemporary Asia. For centuries it has entailed a balance between semi-autonomous groups that share in power. Today, the most powerful groups include certain ministry officials, some political cliques and clusters of bureaucrat-businessmen. There are many lesser ones, such as the agricultural co-operatives, the police, the press and gangsters."

This much is unexceptional. What makes the Japanese system so different from others, so frustrating to deal with and this book such an excellent read is the author's fundamental contention that "no-one is ultimately in charge." The component parts are "each endowed with discretionary powers that undermine the authority of the state (but) are not represented by any central body that rules the roost."

At this point the foreign unbeliever might well pause; surely we have been told over the years that Japan Inc has a mastermind, fed on sushi and green tea in some basement of the Ministry of International Trade and Industry, designing ever widening quality circles. In any case, have we not seen, only this week, the Prime Minister of Japan announce his intention to resign to take "responsibility" for the Recruit scandal?

It is precisely these logical Western questions which, Mr van Wolferen contends, allows Japan to get away with it. Take, for example, the Maekawa report on restructuring the Japanese economy, produced with such fanfare, and to such foreign applause, in 1985-86. Mr Nakasone, then Prime Minister, did take responsibility for it (not surprisingly, since he commissioned it). But at precisely the time he was presenting it to Washington, his party and bureaucracy in Tokyo were, unnoticed by a wider world which thought a Japanese prime minister had real power, disowning it left, right and centre. It has since withered on the vine.

Not that the author, a Dutch journalist who has lived in and around Tokyo for over 25 years, necessarily believes that this is a deliberate or conscious plot by the Japanese to pull the wool over the eyes of the Western competition. Indeed, the overwhelming strength of his book is the extent to which it destroys the myth that Japan is run in the way it is because the country is somehow culturally unique.

At this point, even the Japanese might baulk at the analysis, because they do believe themselves to be unique. Centuries of isolation may have induced an attitude to the outside world which is rather different. But a serious analysis of the Japanese power structure suggests that Japan has not reinvented the wheel for itself.

Thus, on the rare occasions that the Japanese people have been given the freedom to make their own decisions, they have done much what others have done. They formed free trade unions in the 1920s; immediately after the war their teachers, admittedly with the encouragement of the US Occupation, did react against the oppressive and uniform "moral" system of education.

Yet the system has been artful in the extreme at containing dissent and thus retaining power. Rather than crushing nascent consumerism outright, the agricultural lobby co-opted it; rather than banning trade unions, the big companies incorporated them; rather than suppressing the press, the establishment adopted it, to the extraordinary and classic point that only one newspaper ever reported the turmoil of China's cultural revolution because news of it might harm budding Sino-Japanese relations (the exception only acted as it did because it was part of the Taiwan lobby).

Nowhere is Mr van Wolferen's expertise better displayed than in his analysis of Japanese politics. If he has a hero, then it is Kakuei Tanaka, because he was an outsider who beat the system at its own game. He did not win every battle, since he was forced to resign as Prime Minister for being too free with his largesse and was later convicted in the Lockheed affair. But against these defeats must be set the fact that he built up his machine after leaving office to the point that he determined the political succession for a decade, and, albeit indirectly, may yet again.

This book works because it is serious (even scholarly), well informed and, above all, objective. Would that it were widely read in Japan, even in translation.

Jurek Martin

OBSERVER

An historic share offer

■ The bishop and dean of Hereford Cathedral may have just taken the somewhat adventurous step of becoming directors of a public company, hut they certainly do not see this as a venture into the realms of capitalism.

"I don't think we're selling anything at all, more inviting people to give," insisted the Rt Rev John Eastangh, the Lord Bishop, yesterday as he launched the puhlic offer to subscribe for at least £2.8m, and up to £7.45m, worth of shares in Mappa Mundi plc whose only asset will be Hereford Cathedral's famous medieval map.

Nevertheless, would-be investors in the company, dreamed up as a more palatahle solution to the Cathedral's funding crisis than the desperate measure of putting the thirteenth century treasure under the hammer at Sotheby's, need not be without hope of monetary gain although there will be no dividend for the first year at least.

Clearly, anybody aiming to make a killing out of a takeover bid need not apply. A Cathedral Trust will control a majority of the shares and also administer a "master share" conferring the right to prevent the map being removed from Hereford.

However, the sale value of the share certificates - high quality half-sized facsimiles of the map, individually signed and sealed by the bishop and dean - may well turn out to be greater than the offer price of £1,000. There is also the prospect of income arising from the proceeds of exploitation of the marketing rights to the map.

At the least, investors need not fear that the rarity of the certificates will be dilnted by further issues, for Mappa Mundi plc has given assurances the 7,450 certificates will not be reproduced. But since they are unlisted, and there are no dealing arrangements, they will hardly be liquid.

Whatever the uncertainties around 200 people have already expressed interest in investing so the offer at the moment seems set for success. Applications for the subscription, which opens next Wednesday, are available from Lloyds Bank.

"The baked beans have a half life of 75 years."

Force feeding

■ Health food has begun to make its inroads into the bastion of chicken curry and "compo" rations that is the British Army. An Army cookery contest being held at Aldershot today will include for the first time a "healthy eating competition" among its six classes. The contest, which will be attended by the Duchess of Kent, is held every two years. It will feature 90 finalists selected from preliminary rounds held in units and garrisons throughout the UK, West Germany and Cyprus. There will be, as usual, a chef of the year, a young chef of the year, a "cook and serve" competition, a hospital team contest and an open-air field cookery event.

The army says the new item in the competition is "to stimnlate unit catering staff to explore the potential in formulation, preparation and presentation of the unit diet in line with the concept of healthier eating." A spokesman explained it was the policy of the director. The director of the Army Catering Corps is called Brigadier Barry Bloxham.

Forced out

■ Real, as opposed to imagined, statistics about the world's 14m refugees, 40 per cent of whom are Afghan, help dispel the myth that they are mainly opportunists hoping to get to the West to improve their lowly economic lot. More than 90 per cent are indeed from the third world hut more than 95 per cent seek asylum within that third world; only 1 per cent is accepted for resettlement in third countries.

A depressing account of the miserable life of refugees the world over, with a dramatic collection of stark black and white photographs is published today in a book entitled "Forced Out" by Penguin (£12.95) with a commentary by William Shawcross who notes that one of the problems facing today's refugees is Compassion Fatigue. The results can be fatal. The largest donors through the UN agencies funding refugees, their food, medicines and camps are the US and the European Community followed by Japan and West Germany with Saudi Arabia and Kuwait both figuring in the top 20. However, contributions on a per capita basis shine a more predictable light on generosity with only Denmark, Norway, Sweden, Switzerland, Finland, Holland and Canada giving more than $1 a year for each of its citizens.

Aux armes

■ The French are determined, as only the French can be, to ensure that the climax of bicentenaire celebrations commemorating the storming of the Bastille will be both stylish and extravagant. In just two hours on July 14, Bastille Day, a $17m spectacle will unfold, the British offering including some suitably inclement weather in the form of artificial fog to shroud a pipe band. The high note will be provided by Jessye Norman, the splendid US soprano, who will lead the singing of La Marseillaise in the Place de la Concorde.

The organisers want Miss Norman to appear from within a pyramid as a huge wall of water parts behind her. They should remember that operatic disasters have a distressing tendency to be monumental. It was at the Paris Opera some years ago that as Grace Bumbry ascended a gigantic staircase in Aïda it began to divide down the middle. With a foot on each half she scaled ever higher notes as sha began to do the splits before a last second and none too elegant leap to safety. I hope Ms Norman can both dive and swim.

Purrestroika

■ Perestroika reached the animal kingdom yesterday when a British and and a Russian cat club got together in London. Disaster nearly struck when the British Embassy in Moscow withheld visas for the trip because, according to one of the Russian party, "they didn't believe we were going to do what we said we were going to do." Intervention by a cat lover at the British Foreign Office saved the day although the Russians were without their leader, Mrs Olga Frolova, who was in a Moscow hospital instead. She had tripped over a cat and broken a leg.

Robin Pauley

Alan Pike on the British Medical Association's reaction to the Government's proposed reforms

Doctors resist the prescription

Of all the comments made about the National Health Service since the Government published its proposed reforms in January, none is more memorable than the "wallet" remark.

"I do wish that the more suspicious of our GPs would stop feeling nervously for their wallets every time I mention the word reform," said Mr Kenneth Clarke, Health Secretary, to family doctors last month.

With this remark, Mr Clarke joined a tradition of political frustration with the medical profession shared by David Lloyd George, in the early years of the century, and Aneurin Bevan, the Labour Minister of Health who introduced the NHS after the Second World War.

Both his predecessors ended up by compromising with the doctors in order to get their reforms through. Will Mr Clarke have to do the same, to overcome the doctors' opposition to his White Paper, Working for Patients?

Dr John Marks, chairman of the BMA Council, who began his career on the day the NHS was founded, fiercely rejects Government suggestions that doctors' opposition to the white paper is motived by the possible impact on their wallets. "I object to a fairly respected profession being vilified because we are the only people prepared to stop and think. Mr Clarke says we have a vested interest. In fact we have no axe to grind. Doctors will make a living whatever the system. Our concern is for patients."

The BMA and other medical organisations fear that the Government's proposals would undermine the concept of a truly national health service with comprehensive and common standards of care in all parts of the country. Critics say it would shift the emphasis of health care from quality to cost, and introduce the worst commercial aspects of the US system into British medicine.

The BMA is currently fighting to get its message across to patients through millions of leaflets and posters carrying the slogans "An SOS for the NHS" and "The National Health Service urgently needs your help."

Mr Clarke has taken angry issue with BMA claims that the Government is threatening to force doctors to limit the costs of medicines they can prescribe and send patients to hospitals where treatment is cheapest. The BMA says all its claims are justified by the white paper and its accompanying working papers.

At this point the argument quickly runs into the sands – the Government's papers are unspecific on many points of detail and this is undoubtedly helping critics, who are filling in some of the details for themselves.

Mr Clarke continues to display a cheerful determination to implement his reforms. He is probably at his most exposed when he faces attacks on his timing. The Government want the basis of its new-look NHS in place by 1991. This is seen in the NHS as a remarkably ambitious target.

Today, a special conference of the BMA's local medical committees, representing GPs, will meet to consider the white paper and the new contracts which Mr Clarke is trying to negotiate with family doctors. Almost all the motions on the long agenda are hostile. The contract negotiations and the white paper are theoretically separate issues. But many of the things Mr Clarke is trying to achieve in the negotiations – like increasing the proportion of GPs' income which is determined by the number of patients on their lists – are ambitions of the white paper.

The BMA has a complex structure under which its specialist committees represent all doctors whether they are members of the association or not. But more than three-quarters of Britain's doctors are subscribing members.

A professional association with a long history, the BMA only became a trade union because of legal changes in the 1970s. Members of the Government suspect that BMA activists have been behaving too much like conventional trade union leaders, organising opposition that is not shared by most of their members. This is, however, proving a difficult argument for the Government to sustain.

The council of the Royal College of General Practitioners (RCGP), which is responsible for maintaining professional standards among family doctors, almost unanimously rejected the proposals last week. It was at the RCGP annual dinner that Mr Clarke made the "wallet" remark.

A statement of opposition to the white paper from the college was wide-ranging and on similar lines to the BMA's criticisms. It accused the Government of trying to change the health service "on hunch" and said the white paper, if implemented as proposed, would severely damage patient care and the doctor-patient relationship. Similar messages have been heard by ministers this month, as they have addressed meetings of doctors around the country.

Dr John Jenkin, chairman of the Hertfordshire local medical committee, chaired a meeting of about 150 GPs from the county which was addressed by Mr David Mellor, Health Minister. "The reaction from the audience after the minister had spoken was polite but hostile. The meeting was unreservedly against him," he says.

"I am not pretending that there may not be a few doctors who will volunteer to co-operate with the Government. If Mr Clarke dangles a bigger and bigger pot of gold he will undoubtedly get some volunteers. But that doesn't mean people agree with his ideas."

The Joint Consultants Committee (JCC), which brings together bodies representing hospital doctors and the royal medical colleges, is also critical of the proposals. A number of the colleges are now, like the RCGP, producing individual reactions, but this exercise looks unlikely to throw up any significant crack in the opposition.

Provided Mr Clarke fulfils legal formalities on consultation he has powers to impose new contracts on GPs – although there will be calls at today's BMA conference for sanctions, including mass resignation from the NHS, if he tries.

Health authorities have been asked to identify potential self-governing hospitals by early next month. Some health service managers are genuinely enthusiastic about self-government. Less enthusiastic managers, remembering that they are on short-term contracts and performance related pay, are likely to express their reservations in a more muted way than the doctors.

So the Government can, if it keeps its political nerve, press ahead with key aspects of its proposed reforms with or without the support of the doctors – although one of the conditions ministers have set themselves for granting self-governing status to hospitals is that "senior professional staff, especially consultants, must be involved in the management of the hospital."

Some consultants, like managers, will take the pragmatic view that if the changes are going to happen they may as well co-operate, in the hope that early volunteers will get more generous financial treatment than later conscripts. But if enough consultants refuse to take part in hospital management and start campaigning publicly against their hospitals becoming self-governing, the Government would face a number of highly-publicised local protest campaigns lasting many months.

Many doctors believe their opposition to the reforms is already making an impact where it matters – with patients and Conservative backbenchers. But, given that no amount of opposition is likely to lead to the Government simply tearing up its plans, what would a 1980s version of the doctors' earlier successes with Lloyd George and Bevan look like?

"Mr Clarke has got to slow down," says Dr Marks. "He must produce properly worked-through plans and he must conduct pilot studies, because otherwise this might destroy the whole health service.

"He says he cannot have pilot studies because they are a way of slowing things down. Too true. You wouldn't run a business the way he is doing this. If he slows down, really consults the profession, and has proper pilot studies *we* will not have won, but the health service will have won. Otherwise the NHS, the doctors and, I believe, the Government will all lose."

An eerie calm amid Beirut's shelling

Britain's ambassador to Lebanon describes daily life in the beleaguered city

The last two months in Lebanon have produced incessant drama. On February 14, the embassy was in the thick of fighting between the Lebanese army and the Christian Lebanese forces militia. We have a fine collection of twisted rocket fins and shrapnel, and a few holes in our walls and in one or two embassy vehicles to remind us.

On March 14 fighting broke out between the Lebanese army on the one hand and Moslem militias and the Syrian army on the other. It has continued virtually non-stop ever since, though a fragile ceasefire has now reduced the level of shelling to a few, routine and desultory rounds each day. At times the intensity of shelling reached levels unprecedented even for Lebanon. We came out of it lightly, with only very superficial damage. Other embassies in more sensitive parts of the city near the presidential palace suffered more heavily, and the Spanish ambassador was killed.

I find living and working in such circumstances difficult to describe. Certainly our experiences cannot compare with those of thousands of Beirutis who have spent most of the last two months cowering under whatever shelter they could find. Life for them has become a matter of sitting out one bombardment after another with hurried forays for food, water and other necessities in the intervals. An added difficulty for all of us is that there has been no regular pattern to the shelling.

Those who have suffered most are mothers with young children, the elderly and infirm, doctors, nurses – anyone whose life requires a high degree of order and stability. It is hardly surprising that many people should have decided to leave from both parts of the city. One young English wife of a Beiruti neuro-surgeon told me that after three weeks of crowded, noisy shelter life with four children under 14 she had had enough.

After successive, usually sleepless nights in a crowded and stuffy shelter the ordinary Lebanese is not capable of much beyond the hurried daily round of buying provisions, sweeping up broken glass, doing running repairs, strengthening the protective screen of concrete block or sandbags around the house. All this has to be done as quickly as possible.

Normally there are a few brief hours of morning activity before the shops close, streets empty and life returns underground. Once that has happened an almost eerie calm settles on the city. From our vantage point on the hills above it one can see no vestige of movement.

A Lebanese's most prized asset during these days is his sixth sense, his instinct for survival. After 14 years of intercommunal warfare and foreign invasion the Beirutis have

Shelling is extraordinarily disorientating

developed a hair trigger sensitivity to any shift for the worse in the local atmosphere, imperceptible to the rest of us. Our local staff will suggest, almost casually, that they should be allowed to return home at 11am. Heavy shelling will almost certainly have started by 3pm.

For everyone life inevitably takes on a hand to mouth quality. There can be no question of a settled routine, though it is important to try to maintain one. Shelling is extraordinarily disorientating: noise, vibration, the constant subconscious alertness for it to restart and the habit of tense expectation is very wearing. Concentration requires a major effort of will.

Obviously there is an awareness of risk and danger, but it is not my impression that any of us are much inclined to dwell on the subject. We take sensible precautions and leave it at that. In the embassy itself we have a solid cellar reinforced with sandbags. The staff shelter in the basements of their apartment blocks when at home.

Some shelters are *grande luxe*, equipped with every imaginable (and some unimaginable) comfort. More generally they consist of a mattress and couple of blankets, small stove, provisions and water container in a convenient cellar or basement or a space in an underground car park. Some people prefer to take refuge in corridors, others in bathrooms.

The habit of gearing everything to shelling persists even into relatively lengthy periods of calm such as the city has experienced over the last few days. Paradoxically it is almost more wearing than shelling itself.

The effect on our private life has been cataleptic. One's few moments of relaxation have normally been spent in a stupor of inactivity. Even listening to music has been impossible. In my own case the only effective antidote to the present situation has been P.G. Wodehouse's comic novel Life at Blandings. The friend who left it behind some weeks ago can have little idea of the treasure she accidentally bestowed.

It is impossible to say with any certainty how long the present situation can persist. The Lebanese themselves say that it is by far the worst they have experienced in 14 years. This may simply be the effect of attrition. But all land routes in and out of the Christian enclave remain closed, and the sea route is tenuous at best. The general air is one of resignation. Beneath their jocose pleasantries people are very tense and apprehensive.

Any normal diplomatic activity has obviously been out of the question. Our main concern has been to assure ourselves that members of the British community are safe even if at times this has only been possible by proxy; and to report on and analyse the situation as accurately as possible. With the anniversaries of John McCarthy and Brian Keenan occuring a few days ago, the well-being of all our hostages has also been very much on our minds. There have been occasions, with no movement possible, no local staff available, local communications almost non-existent, the Lebanese entombed, the city void and the noise of shelling dominating all, when we have felt as if we were living in a world apart.

Allan Ramsay

LETTERS

The weakness of UK manufacturing

From Mr Doug Henderson MP.

Sir, Yesterday's trade figures are a cruel reminder of the fundamental weakness of our manufacturing industry.

In defence of their so-called "economic miracle" the Government again reeled out the figures on improved British productivity. But this indicator is a totally inadequate test in competitiveness. It only reflects the improved use of labour applied largely to an existing capital stock.

Competitiveness is not a theoretical concept. It is surely a measure of a nation's ability to improve its output and its share of world economic activity. In any major advanced economy the performance of manufacturing industry must be a critical test.

Other indicators suggest our "economic miracle" has yet to happen.

Output in manufacturing has only marginally increased since 1979 and did not return to its former level until 1987. Manufacturing investment is still below the 1979 level. Investment in training and research and development compares dismally with our European competitors.

Import penetration stands at near 40 per cent and is increasing in the manufacturing sector.

Even in the industries which the Government believes illustrate success – like chemicals and aerospace – the statistics belie the claim. The trade surplus in chemicals has only improved from £1,139m in 1979 to £2,189m in 1987. In transport equipment (which includes aerospace) the surplus has only improved from £455m to £2,266m.

Those figures contrast with a massive and increasing deficit of over £600m in vehicles, of over £3,000m in textiles and clothing, and of nearly £4,000m in electronics (all expressed in current prices). And the Engineering Employers Federation has predicted that a trade deficit in mechanical engineering will occur this year for the first time ever.

Industrialists attribute much of our failure to compete to the level of the exchange rate. Undoubtedly this is a major factor. But I believe that those same industrialists privately acknowledge that the supply-side miracle is largely a myth.

They know that our training and R&D shortcomings have left us lagging in the application of new technology, product design and customer service – as is clearly the case in the car industry. They know that improving labour productivity, though a necessary condition for manufacturing growth, is not a sufficient condition. And, they also know that the required changes in structure in industries such as electronics and textiles has not taken place.

I agree with those who acknowledge the importance of change in both the demand and supply-side of our economy. Clearly, stimulating demand in the absence of real change to the supply side – as has happened in the last two years – is highly damaging to our economy. For, as many products and services are no longer available in the UK, all that happens is that both final goods and components are sucked in from overseas.

If a failure to make real change on the supply side is combined with a continuation of the present policies on exchange and interest rates, there will be no respite for our trading difficulties.

Doug Henderson,
House of Commons,
Westminster, SW1

Global concept

From Mr Gerry Pocock.

Sir, The concept of sustainable development has an even wider significance than that described by Tim Cooper ("Twinning economics and ecology," April 18), though I agree very much with what he writes about the need to bring economic policy and environment policy together.

Sustainable development is, above all, a global concept and it makes little sense if confined to a national or even regional setting.

The Brundtland report, to which Mr Cooper refers, describes sustainable development as containing two concepts: "the concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given, and the idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs."

Sustainable development therefore calls for a far-reaching change in international relations and sharing of the wealth.

Gerry Pocock,
Communist Party of Great Britain,
16 St John Street, EC1

UK political focus on the EC

From Mr Daniel Moylan.

Sir, Few things are more powerful in captivating the mind of a political commentator than an idea whose time has been and gone.

Hence, with exquisite mistiming, Mr Joe Rogaly (April 21) urges Mr Neil Kinnock, the Labour Party leader, to take on the mantle of British leadership of the EC into the 1990s.

Underlying his argument is the stale assumption that it is only by urging Europe on to ever more intimate unity that one exercises leadership. To promote an alternative vision, as Mrs Thatcher does, is not to lead but to fall churlishly behind.

In fact, Mrs Thatcher's advancement of a European concert – which is at the same time both more attuned to Britain's historical experience, and more practicable to achieve than the stuff about "aspirations, dreams and the advancement of a common civilisation" that Mr Rogaly would dearly like to hear from Mr Kinnock – is an act of courageous political leadership in the current climate.

Whether other European Governments will follow her lead has yet to be seen, but it is surely only a supine timidity which attempts to exercise leadership when there is no possibility of dissent in the ranks.

Mr Rogaly's argument is also ill-timed. Whatever the current enthusiasms of the middle-aged, it is the nature of man that the youth of the 1990s, to whom Mr Rogaly thinks his proposals would appeal very effectively, is far less likely to be inspired by the European "vision thing" than to find it rather tedious and *passé*.

Mr Rogaly appears to think that the Labour Party can display leadership in the 1990s by borrowing wholesale the visions and rhetoric of the Conservative Party of the early 1970s. So much for modernity.

Daniel Moylan,
Egon Associates,
7 Kensington High Street, W8

The SIB could be more flexible

From Ms Anne Mothersill.

Sir, The Securities and Investments Board (SIB) appears to be sticking to the letter of the law in interpreting the Financial Services Act (FSA), with no regard for equity.

Take the attempted regulation of offshore umbrella funds. The FSA allows companies in designated territories to obtain authorisation to market their funds in the UK by applying under Section 87 of the Act. Section 87, however, requires the company concerned to comply with rules laid down by the authorities in the designated territory concerned.

In the case of Jersey, the rules insist on a bid and offer spread. In other words, no recognition is given to the recent development of operating on single pricing – the practice of some leading companies in the investment field.

Single pricing is no obstacle to recognition of companies based in Luxembourg. Yet the longest established, largest and most reputable of all umbrella funds, Gartmore Capital Strategy Fund, with more than £170m under management, relying on an annual management fee of 1 per cent to cover both its profits and expenses, is in danger of being unable to advertise, for the sole reason that it does not want to overcharge investors.

While Gartmore can apply for authorisation under Section 88 of the Act (a route intended for companies in non-designated territories), this route would cost the company and, indirectly, the investors, in the region of £60,000.

Can the SIB be a bit more flexible in the treatment of companies in designated territories, so that these are judged on their merits and allowed to use the Section 87 route, even though they may not comply with every detail of local legislation?

Anne Mothersill,
Mothersill (Financial Services),
Moorlands, Moor Lane,
Menston, West Yorkshire

FINANCIAL TIMES

Thursday April 27 1989

Boeing wins record $15bn order

By Michael Donne in Chicago

BOEING, the world's biggest jet aircraft builder, has won its largest individual order yet – for a total of 370 aircraft worth $15.74bn – from United Air Lines.

The deal, involving firm orders for 180 aircraft and 190 on option, comes within eight days of the previous record order from GPA, the Irish leasing company, which is to buy a total of 182 Boeing jets, including options, worth $9.4bn.

The deal was announced in Chicago yesterday by Mr Stephen Wolf, United chairman and president, and Mr Frank Shrontz, president of Boeing.

It covers 60 twin-engined type 757s on firm contract and 60 more on option, and 120 twin-engined short to medium-range type 737s on firm contract, with another 130 on option.

United already has outstanding orders with Boeing for 30 757s and 110 737s.

Engines for the 757s will be built by Pratt and Whitney, a division of United Technologies Corporation of the US, while the 737s will be powered by the CFM-56 engines built jointly by General Electric of the US and Snecma of France. This brings to 898 the number of Boeing aircraft purchased by United, making the company Boeing's biggest single customer.

This year Boeing has announced firm orders for 499 jets worth $36.8bn, compared with a total of 636 new aircraft ordered in 1988, worth about $30bn. Boeing now has a backlog of well over 1,000 aircraft worth about $65bn.

To meet this heavy demand, it plans to increase its production rates, lifting output of 757s from five to seven aircraft a month by early 1990. Output of 737s will go up from 14 a month to 17 by the middle of next year.

Mr Shrontz said Boeing was making particular efforts to ensure a continued high level of quality in its aircraft despite the increasing rate of production. This follows criticisms earlier this year of failures in quality of some aircraft coming off the production lines.

Questioned about wiring problems in some aircraft, Mr Shrontz said: "We have developed engineering solutions to make miswiring – either in the factory or on the flight line – much more difficult. We are also taking a close look at our assembly procedures and our functional testing, and we are revising our maintenance manuals to include more functional testing after work is done by the airlines."

Mr Wolf said United was still studying possible replacements for its large fleet of long-range, wide-bodied airliners.

Senior Takeshita aide commits suicide

By Stefan Wagstyl in Tokyo

JAPAN'S Recruit scandal turned from political crisis to personal tragedy yesterday when the Prime Minister's most senior aide killed himself.

Mr Ihei Aoki, who had been with Mr Noboru Takeshita for 30 years, was found dead at his home in Tokyo one day after the Prime Minister announced his intention to resign over his involvement in the Recruit affair.

It was widely believed that Mr Aoki felt responsible for his master's disgrace because he supervised Mr Takeshita's political fund-raising – including the collection of contributions from Recruit, the business information company at the centre of the scandal.

Mr Takeshita received the news at the funeral of a former Diet (parliament) member. He was visibly stunned – Japanese newspapers ran a picture of the Prime Minister sitting among rows of mourners with his head deeply bowed.

Mr Aoki, 58, was intimately familiar with the Prime Minister's links with Recruit, which tried to buy influence by distributing shares and cash to influential people, including politicians. When Recruit sold cut-price stock in its affiliate Recruit Cosmos, 2,000 shares for Mr Takeshita were bought in Mr Aoki's name.

In the meantime, the ruling Liberal Democratic Party seems to be succeeding in its efforts to persuade Mr Masayoshi Ito, a 75-year-old former Foreign Minister, to take over as caretaker Prime Minister.

However, no announcement has yet been made or date fixed for Mr Takeshita's departure, although he is expected to leave office by the end of May. The party appears to have abandoned attempts to press Mr Yasuhiro Nakasone, the former Prime Minister, to testify before the Diet on his role in the affair. Opposition parties have refused to debate the overdue 1989-90 budget bill until Mr Nakasone appears.

But the LDP appeared to be steeling itself to ignore a tradition that budgets are fixed by consensus and railroad the bill through the Diet in the next week or two. The opposition parties will be relying on the public prosecutor, who is investigating the scandal, to maintain pressure on LDP leaders.

Loyalty that lasts unto the grave

Stefan Wagstyl looks at a variation on an age-old Japanese theme

THE death of Mr Ihei Aoki, former secretary of Mr Noboru Takeshita, the Japanese Prime Minister, is a modern variation on an age-old Japanese theme.

The tradition of servants taking their lives for the sake of their masters is etched on the mind of every Japanese.

Thousands of people every year visit Sengaku temple in the centre of Tokyo which is dedicated to 47 ronin (samurai) who killed themselves in 1703 after avenging the wrongful death of their lord.

Nearby in Nogizaka there is a shrine to General Maresuke Nogi who committed suicide in 1912 on the day of the state funeral of the Emperor Meiji, because he believed his master's death removed his reason for living. His wife killed her self beside him.

Since the Second World War, 23 people known to have been involved in political and financial scandals have killed them selves – almost all of them secretaries and messengers, minor players unable to take the strain of the dramas in which they became involved.

"All of them ran errands carrying dirty money," a political analyst said yesterday. "All died to try to save their boss."

In 1954, a junior official of the Ministry of Transport and an executive of Ishikawajima-Harima Heavy Industries killed themselves when a bribery scandal in the shipbuilding industry was exposed.

Since the Second World War, 23 people known to have been involved in political and financial scandals have killed themselves — unable to take the strain of the dramas in which they became involved

In 1968, a son of the president of Nittsu, a transport conglomerate, jumped out of the window of the public prosecutor's office as he was being questioned about alleged bribery.

In the most famous case in 1976, Mr Masanori Kasahara, a 42-year-old chauffeur, gassed himself in his car to avoid being questioned about the activities of his master, Mr Kakuei Tanaka, the former Prime Minister, in connection with the Lockheed affair. Mr Kasahara had allegedly taken Mr Tanaka to many of his secret meetings.

Three years later, an executive of Nissho Iwai, the trading company, jumped out of a window after being named in another case involving a US company – McDonnell Douglas Grumman.

Then in 1980, two secretaries to the president of KDD, the international telephone company, killed themselves following allegations that the company bribed officials at the Ministry of Posts and Telecommunications.

The irony is that the masters often subsequently avoided being punished for their misdeeds. Mr Tanaka, the most famous bribe-taker of all, who accepted about Y500m ($3.8m) from Lockheed, was convicted but is still at liberty pending his appeal against sentence in the Superior Court.

Far from being weakened by scandal, his political machine grew in size and influence after he was forced out of office.

But in Japan the job of the servant is to serve. In politics the secretary's prime work is to collect money on behalf of his master, whom he often calls father, and to be absolutely discreet about it. Loyalty matters more than anything.

Senior secretaries such as Mr Aoki are their masters' treasurers. They often stay with the same politician for their entire careers, knowing more about the sources of donations than the master himself.

Mr Aoki was one of these. Born in the same part of Western Japan as Mr Takeshita, he joined him when he first entered the Diet (parliament) 30 years ago.

Like other secretaries there were probably many things that he never wrote down – just in case they were read by the wrong eyes.

In their thirst for funds, Japanese political secretaries are forced to cut many corners. Mr Aoki himself was involved three years ago in the scandal surrounding the collapse of Heiwa Sogo Bank. Just before it had to be rescued, the bank bought an antique screen for the astronomical sum of Y4bn. Some of the money was found to have passed through Mr Aoki's hands.

In the Recruit scandal, the company distributed shares and money in order to buy influence with politicians. The stock was often bought in the names of secretaries – including Mr Aoki who accepted 2,000 shares in Recruit Cosmos, a Recruit affiliate. Mr Aoki was also the channel through which Recruit funnelled much of Y151m in political donations and finally accepted a Y50m loan on Mr Takeshita's behalf from Mr Hiromasa Ezoe, Recruit's founder and former chairman.

It was the disclosure of this loan last weekend which forced Mr Takeshita to resign. In a sense, Mr Aoki did his job too well, securing for the Prime Minister more money than any other politician seems to have received from Recruit.

To have been so directly responsible for his master's fall from grace seems to have been more than than Mr Aoki could bear.

Purge is marker not milestone

Continued from Page 1

One possible explanation is that Mr Gorbachev is planning to call one, but does not want to show his hand yet.

If he leaves the congress till 1990, only one year ahead of schedule, he will have another round of elections in September – for republican and local governments – to shake-up the ossified party structure. Genuine reformers are still in a minority in many party organisations across the country.

So the shake-up is really only a half-way marker, rather than a milestone in Mr Gorbachev's assault on the party structure. He has not touched the ranks of active and still powerful conservatives, and still hopes that the growing swell of popular democracy in the electoral process will do that for him.

Delors renews EMS debate

Continued from Page 1

ing concern over the possibility of further bouts of speculative pressure on sterling.

Despite yesterday's better-than-expected trade figures for April, the Treasury believes that sterling may remain vulnerable for some time. In those circumstances membership of the EMS could provide an important safety net.

Mr Lawson has vehemently rejected the underlying conclusions of the Delors report - that the 12 European Community states should aim ultimately for full economic and monetary union.

He has been consistently in favour, however, of full British membership of the EMS on economic grounds, and is said to have been strengthened in that view by the political dilemma raised by the Delors report.

The argument is that if Britain stays outside the ERM, it will simply be by-passed by the other EC states, which will press ahead regardless with greater monetary and economic coordination.

One immediate concern is that President Francois Mitterand of France will decide in July, when France takes over the EC presidency, to convene an intergovernmental conference to discuss the implementation of the first stage of the Delors report. The belief is that even countries like Denmark, which share Britain's reservations about monetary union, would quickly agree to such a conference.

One of Mr Lawson's colleagues voiced concern yesterday that Mrs Thatcher's opposition to any move in the direction of the EMS would threaten isolation within Europe

What is less clear is whether Mr Lawson wants to press the issue with Mrs Thatcher, and whether she could anyway be persuaded to change her view.

Although the Chancellor can find several allies within the Cabinet, there remains a strong body of opinion within the Conservativa party which favours keeping Britain outside the EMS.

Yesterday, the right-wing No Turning Back Group of Conservative MPs, issued a new study which said that the EMS was "no less synthetic and of no more benefit than the imposition of exchange controls".

Sir Alan Waltars, who returns next month as Mrs Thatcher's economic adviser, is also expected to reinforce her antagonism to membership.

UK conflict over plan for £1bn investment in Saudi

By Andrew Gowers in London

SERIOUS differences have emerged between British government departments over handling of a £1bn-plus ($1.7bn) investment programme in Saudi Arabia designed to offset part of the value of British arms sales to the kingdom.

The Foreign Office and the Department of Trade and Industry are understood to have become concerned at the Ministry of Defence's approach to the offset investment programme and at the secrecy surrounding the operation.

This follows representations to all three departments from senior businessmen and bankers dealing with the Middle East who are worried that without publicity the programme will not be seen to make fast enough progress by the Saudi authorities.

However, direct appeals for greater openness from Mr William Waldegrave, Foreign Affairs Minister, for and from the DTI have been rebuffed by defence ministers. They argue that disclosing more information about the progress of the scheme would jeopardise commercial confidentiality.

The offset programme is an industrial collaboration plan under which the two Governments have undertaken to help bring British and Saudi companies together in economically viable joint ventures. It was the subject of three years of negotiations and was inaugurated in November with the signing in Riyadh of an agreement setting out project approval procedures, followed in January by a closed-door seminar for British companies.

Saudi Arabia, which has been insistent on receiving compensation for its expected outlay of more than £15bn on a two-part arms deal with Britain, is pressing London to bring forward prospective investment partners.

The subject is expected to be raised by Prince Sultan bin Abdul Aziz, Saudi Defence Minister, when visits London for talks with Prime Minister Margaret Thatcher next month.

British business leaders, supported by the Foreign Office and the DTI, want the Government to be more active in encouraging companies to participate in the programme and in demonstrating official commitment to making it work.

Testing time, Page 6

US makes plans for intervention

Continned from Page 1

treaty.

"No one wants to re-open the debate on the Treaty," said a senior official. "It would not be in our interests domestically or internationally. Therefore, there is a limited time frame for getting this matter resolved."

A second constraint is that at the end of September Mr Eric Arturo Delvalle's term as Panama's alected President finishes.

Mr Delvalle, elected in 1985, was ousted as President last year by Gen Noriega bnt is recognised as head of state by the US.

The Defence Department - which has some 10,300 troops permanently in Panama as members of the US Military's Southern Command - has hitherto opposed force.

However, according to Southern Command officials, Gen Noriega's defence forces were involved in more than 600 separate harassment incidents over the last year.

Last Friday, Senator Richard Lugar, a Republican foreign policy expert who played in a key role in prodding the Reagan Administration to oust President Marcos, warned of an "impending crisis" in US-Panamanian relations. An aide said Senator Lugar was concerned that tha Administration was not praparing US public opinion for the trouble ahead.

THE LEX COLUMN

Gold Fields down but not out

The distance between Minorco and its target has shortened appreciably, but still could prove too far. While 55 per cent of the shares may seem a comfortable enough majority, it is probably less than the moral majority needed to persuade Gold Fields to abandon its US court action. In order to win, Minorco must tackle at least four separate problems. Taken alone, each looks soluble, but the sheer number of them, and the fact that all are without precedent, means Gold Fields may escape after all. The market's guess at the shortening odds in Minorco's favour seemed about right: based on the after hours scramble as the announcement was made, £1 of the discount to the offer price has gone, and about £1.70 remains.

The first hurdle is to persuade the Takeover Panel to grant an extension to the bid. Even though the rules clearly say 21 days, Minorco answers for over half the shares, and can argue plausibly that the tactics being employed by Gold Fields are of the spoiling variety. Moreover, it is not pleasant to see the outcome of UK bids being decided on questionable grounds in courts so far from home, and the Panel may be anxious to discourage such a practice in future.

Secondly, Gold Fields shareholders must vote to oust their board, in order to get the US action dropped. But as Minorco does not own the shares, it must go through the chancy business of getting proxies. Next, Newmont must be persuaded to drop its action too; but as Cons Gold only has 40 per cent of Newmont votes that could also go wrong. Finally, it is not enough that the existing plaintiffs retreat: no others must materialise to replace them.

Meanwhile, bottom marks go to Royal Insurance yesterday for changing its mind at the last moment, and then for being too slow to withdraw its acceptance before the deadline. The mixture of incompetence and lack of nerve implied reflects little credit; that is at least one proxy that Minorco cannot count on.

Trade figures

The immediate inference from yesterday's UK trade figures is that Mr Lawson has bought himself another month. It might be all he needs. It is now five months since base rates went to 13 per cent, and some of the more punishing effects must be coming through. Those on yearly fixed rate mortgages, for instance, are now facing an April hit of £100 a month on average. In the money markets, the betting is now on rates staying at this present level, subject to any funny business on the foreign exchanges; and the Bank of England has let it be known that speculation against sterling will be viewed with a hostile eye.

The trade figures themselves, needless to say, were fairly depressing. But taking out erratic elements, import volume seems to have levelled out, while exports were up by nearly 2 per cent. The underlying picture seems at least to be swing next month is still perfectly possible, especially if manufacturers have been stocking up on raw materials ahead of an expected dock strike.

The pessimists will argue that the trade figures are by now beside the point; that it is inflation which really matters, and that if that is still on the way up, higher base rates are the only weapon which Mr Lawson has. But it is unlikely that there will be any move in rates before the elections at the start of next month. And if the slowdown really is arriving, time is on the Chancellor's side.

RHM/Goodman

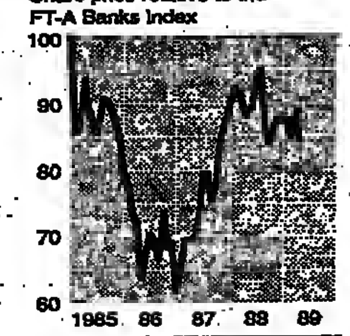
Yesterday's events should finally convince the market that RHM's bid for Goodman Fielder is not merely a negotiating tactic. It is not just that RHM has gone ahead in pushing its holding in Goodman to the 14.9 per cent limit: that, after all, could still be a means of forcing some kind of swap for Goodman's holding in RHM. It is more a matter of the tone of Goodman's formal rejection of the offer, which is couched in the language of serious haggling for control.

The impression is that the two companies remain on relatively friendly terms, and that both accept the idea of merger in principle. But it looks as if RHM's management, flushed from its successes in recent years, is not about to cede control; and that Mr Pat Goodman, the architect of the Goodman Fielder empire, is not about to either. The Goodman board probably controls enough shares, both in its own company and in RHM, to make its agreement essential. The answer probably lies in a higher price: but though RHM is free under Australian rules to offer more, it seems stubbornly insistent that the present offer is final.

Bank of Scotland

Bank of Scotland

Share price relative to the FT-A Banks Index



Over the past nine months, the market seems to have tired of hearing the Bank of Scotland's refrain: strong management, an even stronger balance sheet, a novel strategy for growth. The shares have lost 13 per cent of their value relative to the banking sector in the period, and the rating has given up some of its huge head start over troubled English peers. But if the market thinks the Bank has lost its deft Scottish touch in these matters, there is surely no sign of it in yesterday's results. Dividend and earnings growth may not have been vastly superior to those available south of the border last year, but the figures are impressive for all that.

Despite yesterday's reprieve from the trade figures, the bank's mortgage business could yet suffer further from interest rates. But it is worth remembering that rates can fall as well as rise; and if climbing rates are a burden for Bank of Scotland, falling ones are certainly a boon. The more serious concern is over the Bank's interest in a US acquisition, with the proviso that it must be a bargain. That could mean something bombed out and Texan like M Corp; and the market takes a dim enough view of transatlantic banking purchases without the prospect of Bank of Scotland buying at a fire sale.

But without jumping to unfair conclusions about US intentions, it is hard to see why the shares should not continue to deserve their current 30 per cent premium to the sector's prospective rating. True, a hard UK landing would be hardest of all on them; but there is little enough sign of that yet.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		-	-	Dubrovnik	S	22	72	Malta	S	21	70	Rhodes	S	23	73
Algiers	F	22	72	Edinburgh	F	10	50	Manchester	F	8	46	Rio de J'o	F	30	86
Amsterdam	C	8	46	Faro	S	16	61	Manila	F	35	90	Rome	Dr	16	61
Athens	S	22	72	Florence	C	17	63	Melbourne	S	23	73	Salzburg	F	23	73
Bahrain	S	29	84	Frankfurt	R	9	48	Mexico City	C	26	79	San Francisco	F	9	48
Bangkok	F	35	95	Funchal	C	16	61	Miami	S	24	75	Seoul	C	18	64
Barcelona	R	11	52	Geneva	C	11	52	Milan	R	10	50	Singapore	F	32	90
Beirut		-	-	Gibraltar	F	16	61	Montreal	C	6	43	Stockholm	C	14	57
Belfast	R	6	43	Glasgow	C	9	48	Moscow	S	19	66	Strasbourg	C	12	54
Belgrade	C	22	72	Guernsey	S	9	48	Munich	S	23	73	Sydney	R	19	66
Berlin	R	14	57	Helsinki	S	14	57	Nairobi	C	24	75	Taipei	F	29	82
Biarritz	C	10	50	H Kong	C	22	72	Naples	F	22	72	Tangier	C	14	57
Bombay	S	32	90	Innsbruck	F	15	59	Nassau	F	30	86	Tel Aviv	S	26	79
Bordeaux	F	10	50	Inverness	F	6	43	New Delhi	S	32	90	Tenerife	C	20	68
Brussels	C	6	43	Islamabad	F	32	90	New York	C	11	52	Tokyo	F	18	64
Budapest	F	20	68	Istanbul	S	21	70	Nice	C	14	57	Toronto	S	8	46
B Aires	R	20	68	Jakarta	R	32	90	Nicosia	S	25	77	Tunis	S	21	70
Cairo	S	32	90	Jersey	F	10	50	Oporto	F	13	55	Valencia	R	11	52
Cape Town	S	29	84	Jo'burg	F	17	63	Oslo	C	7	45	Venice	C	15	59
Caracas	C	29	84	Lima	F	23	73	Paris	F	8	46	Vienna	C	20	68
Casablanca	C	16	61	Lisbon	S	14	57	Peking	S	22	72	Warsaw	S	18	64
Chicago	C	8	46	London	S	10	50	Prague	S	18	64	Washington	S	14	57
Cologne	R	5	41	Los Angeles	F	11	52	Reykjavik	S	0	32	Zurich	F	15	59
Copenhagen	C	9	48	Luxembourg	Sl	1	34								
Corfu	S	23	73	Madrid	F	10	50								
Dallas	F	21	70	Majorca	Dr	15	59								
Dublin	F	8	46	Malaga	F	16	61								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

European cement producers raided

Continued from Page 1

illicitly carving up the market for soda ash, widely used in glassmaking. Any kind of agreement to fix prices and share markets or sources of supply is banned by Article 85 of the Treaty of Rome, the EC's constitution.

The Commission inspectors are believed to have found clear evidence of price co-ordination between the four countries, as well as a near total absence of cement trading between West Germany and France, suggesting that those markets might be artificially isolated.

If Brussels finds its suspicions of a cement cartel are justified, it can unilaterally impose heavy fines, in theory up to 10 per cent of the companies' annual turnover. Usually, the fines are less than that, though still substantial. Last year, the Commission charged 23 chemicals companies a record Ecu60m ($67.2m) for running a cartel in PVC and plastic film.

Commission officials expect to take up to 18 months to conclude the cement investigation, which could easily widen to other companies not caught in the dawn raid, if previous investigations are any guide.

The Brussels authorities will not be drawn on the source of their suspicions. However, the cement industry's biggest customers – and hence those most likely to object to artificially high prices – are producers of pre-cast and ready mixed concrete.

INSIDE

Nestlé acquires a foreign flavour

Foreignars have moved quickly to take a bite of Nestlé following last November's decision to open the company's registered stock to foreign ownership. They now hold between 20 and 25 per cent of Nestlé's registered shares, Mr Helmut Maucher (left), managing director of the Swiss foods multinational, said yesterday. He expected the trend towards greater foreign ownership to continue, but stressed the board's intention of retaining the essentially Swiss character of the group. William Dullforce reports. Page 22

Trouble in the Cotton Club

Not long ago cotton was king in Egypt. The variety of the crop grown by the Egyptians was considered the best in the world and became the country's main foreign exchange earner. High prices gave farmers real incentives to maintain quality and quantity of production. But the nationalisations and sequestrations of the 1960s transformed the industry. Now, after a decade-long slide topped by a disastrous harvest last year, the government appears to realise it is facing a crisis. Page 32

Amsterdam loses its bloom

The Amsterdam stock market has wilted a little since shooting up to a post-crash high a week ago. Caution has led to profit-taking and a flight by investors into quality stocks. Analysts are not forecasting a prolonged drought, however; some predict there will be a modest decline, while others believe the market will fully regain its bloom over the long term. Page 48

Hauled before the stewards

The referral to the Monopolies and Mergers Commission of Grand Metropolitan's £331m acquisition of William Hill, the bookmakers, should not have come as a surprise to the industry. British off-track betting has been a long-standing source of fascination for the Office of Fair Trading, which recommended to Trade and Industry Secretary Lord Young that the merger of William Hill and GrandMet's Mecca Bookmakers be investigated. Lisa Wood examines the background. Page 27

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Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Degussa	452	+	8	Cofimeg	349	+	5
Feldmuehle	368	+	9.5	Lab R. Bellon	2125	+	57.6
Henkel	536.5	+	6	**Falls**			
Mannesmann	232	+	3.5	CCF	207.1	−	8.5
Falls				Cetelem	845	−	26.6
Nixdorf	305.2	−	3.8	Lyonnais Eaux	1510	−	154
Volkswagen	343.5	−	6	UIC	1000	−	43.1
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Citizens Uthn	30	+	5/8	Nissan Diesel	1100	+	101
Dominion Bk	20	+	3/8	Tokyo Rope	1790	+	230
Westinghouse	56 3/8	+	1 1/4	Tokyo Steel	3730	+	430
Philip Morris	125 1/4	+	1/2	Toyo Kanetsu	1270	+	110
MCorp	3/8	+	3/16	**Falls**			
Falls				Koyo Iron	620	−	40
Compaq Corp	77 3/8	−	1 5/8	Toshiba Chem.	1660	−	120
LONDON (Pence)							
Rises				Lon. & Man.	289	+	7
Allied-Lyons	449	+	10	Micro Focus	285	+	25
ASDA Grp.	173	+	12 1/2	Rank Org.	941	+	24
Bass	939	+	12	Redland	534	+	7
Brit.Aerospace	573	+	14	Scottish TV	440	+	11
Cons Gold Flds	1283	+	38	Tarmac	313	+	5
Crown Comms.	249	+	6	Utd. News.	437	+	12
Davy Corpn.	251	+	7	Verson Int.	34 1/2	+	6 1/2
Dowty	259	+	12	**Falls**			
GKN	375	+	12	Jessups	183	−	5
GUS A	1049	+	14	Lookers	193	−	9
Guinness	481	+	10				

Goodman Fielder rejects RHM's offer

By Chris Sherwell in Sydney

GOODMAN FIELDER Wattie, the Australasian food group under siege from Ranks Hovis McDougall of the UK, yesterday rejected as "totally inadequate" RHM's proposed £1.33bn (\$2.24bn) share and cash takeover offer.

Its response followed RHM's acquisition yesterday morning of a further 40m Goodman shares, taking its stake to the maximum allowable for a foreign investor of 14.9 per cent.

The group now needs approval from the Australian Government's Foreign Investment Review Board to lift its stake further and to proceed with its proposed bid of four RHM shares for every 11 Goodman shares or a cash equivalent of A\$2.64 (US\$2.10) per share.

The offer is one of the biggest Australia has seen, and promises to develop into a bitter and protracted battle as RHM seeks to turn the tables on Goodman, which still has a 29.9 per cent stake in RHM as a result of its own abortive bid last year.

In its response yesterday, Goodman said it still supported the concept of combining the businesses of the two companies, but called the RHM offer totally inadequate and declared that it would not succeed.

It said that the price did not reflect the underlying value of the company, carried numerous conditions which created uncertainty and was denominated in sterling so that RHM did not have to bear exchange rate exposure.

In a pointer to a possible line of defence, Goodman also said that a successful offer would result in the loss of effective Australasian control over vital elements of the local food industry. The company is the largest single wheat consumer in Australasia.

Goodman would not be drawn on efforts to lobby the Government, but said it did not see a role in the takeover for the Trade Practices Commission, Australia's anti-trust body, because it had previously approved Goodman's bid for RHM.

Mr Pat Goodman, chairman and key shareholder in the group, told a press conference in Sydney yesterday: "We don't believe the bid will succeed. And we believe we have the support of most shareholders."

He rejected suggestions that shareholders who sold out in large numbers to RHM on Monday and yesterday were "bailing out," and insisted that the company was not lying down in the face of the RHM challenge.

He also said that it was his understanding that Elders IXL, a significant 10 per cent shareholder, would stay in the company.

Mr Goodman acknowledged that an RHM shareholders' meeting to approve the takeover bid was "crucial," but did not indicate whether the company would be canvassing other RHM shareholders to reject the move, or even how Goodman would be voting its stake.

He refused to disclose details of a conversation on Tuesday night with Sir Peter Reynolds, RHM chairman, but added that a number of options remained open. However, he admitted that another bid by Goodman for RHM was "not an option at this time."

Australian analysts foresee a long battle, reaching a stand-off in which an unpredictable compromise becomes inevitable.

At stake is control of the lucrative Australasian food market and a position in a global industry now undergoing enormous upheaval and rationalisation.

Nikki Tait writes: RHM yesterday said that the Goodman response held few surprises, although Mr Bob Rogerson, finance director, suggested that it was "a little more vigorous" than the UK group had expected.

RHM is submitting its bid proposals to the National Companies and Securities Commission in Sydney and says it hopes to be able to serve these on Goodman next week. Under Australian bid rules, the offer document would then be dispatched two to four weeks afterwards.

Lex, Page 20; Food fight rules laid on the table, Page 23

Gold Fields is set a courtroom poser

Robert Rice looks at the legal implications now that Minorco has won control

MINORCO'S narrow victory yesterday in its battle to win acceptance for the fiercely-contested £3.5bn (\$5.95bn) assault on Consolidated Gold Fields turns the spotlight on the board of the diversified UK mining gronp.

Now that the Luxembourg-based investment group has control of 54.84 per cent of Gold Fields' shares, board members will come under intense pressure to drop the company's anti-trust litigation in the US. That, in turn, would allow the lifting of the injunction imposed by a New York court preventing Minorco from buying any more Gold Fields shares.

Despite the obvious pressure directors will face over the coming weeks, after a quickly-held board meeting yesterday afternoon Gold Fields immediately announced that it intended to carry on with the US litigation.

The board bad taken counsel's opinion which suggested that if the complaints raised by the US action were reasonable and responsible they were duty-bound to continue with them until final resolution. If they did not, counsel warned that they could be seen as acting against the long-term interests of the company and could find themselves being sued for negligence.

The decision to continue with the US action was also likely to have been based on earlier counsel's advice that in making their decision whether or not to submit, the directors had to decide what was in the best interests of all holders and not just the holders with the majority of votes.

Under UK company law the directors' primary duty is to act bona fide in the best interests of the company. Although in law there is a clear distinction between owing duties to tha company and owing duties to the shareholders, in practice the distinction is blurred.

The directors' dnties to the company will be judged by the interests of hoth present and future shareholders rather than simply the interests of the particular people who are shareholders at the relevant time. Directors are also under a legal duty to take into account the interests of the employees of the company (but not of other companies in the same group).

So it is perfectly legitimate for the directors to weigh long-term interests of the company against the short-term interests of the shareholders. On that basis Gold Fields' directors will argue that it is perfectly legitimate to continue the US action.

This is hecause, despite Minorco's 54.84 per cent interest, Gold Fields' directors could claim that it would not be in the best long-term interests of the company, as opposed to the interests of present shareholders, to submit and remove the threat of the US litigation.

Minorco will almost certainly now seek an extraordinary general meeting of the company at which it will present a special resolution calling for Gold Fields to withdraw from the US action on its own behalf and do everything within its power to persuade Newmont Mining, the US gold mining company in which Gold Fields has a 49 per cent interest, also to withdraw.

Linklaters & Paines, Minorco's London solicitors, said yesterday that even if Gold Fields was not prepared to submit at this stage it should feel honour bound to call an EGM. There it should explain to the shareholders why it was in the best interests of the company to continue with the US litigation, which promised to be both costly, time-consuming and possibly detrimental to the rights of its shareholders.

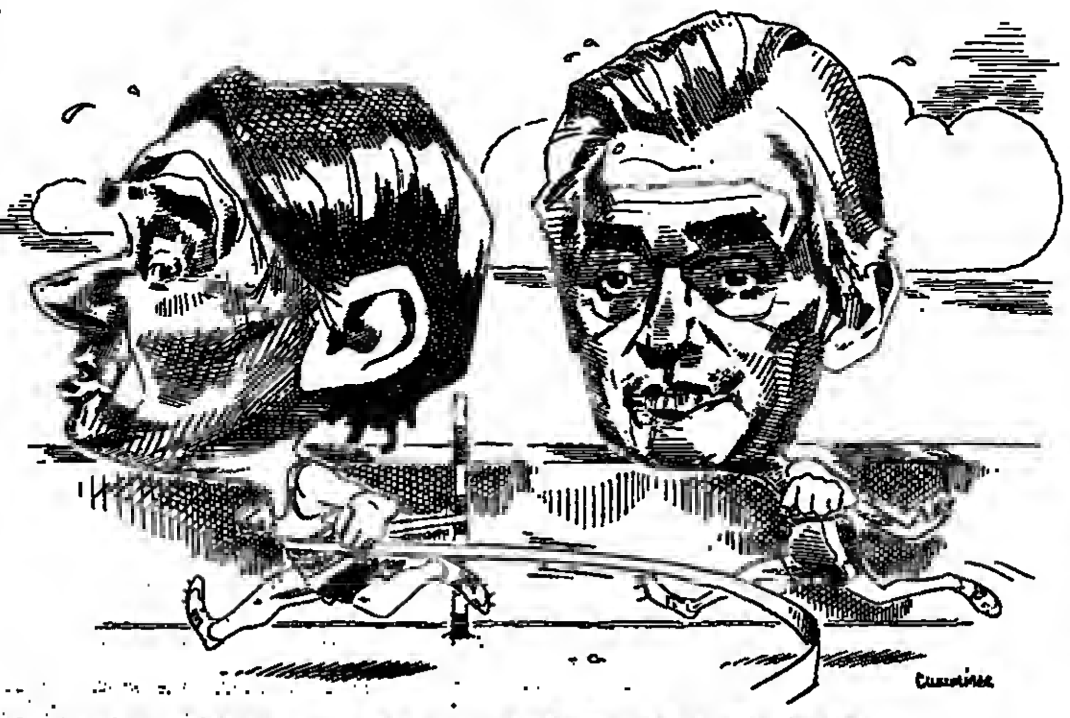
If Minorco is to succeed in forcing an EGM, it will have to take immediate steps to seek from the Takeover Panel an extensioo beyond May 17 of the deadline hy which it must have succeeded in lifting the US injunction if the hid is to succeed. That would allow Minorco to seek to put its special resolution, for which it must give 21 clear days notice under UK company law.

If it comes to the point following an EGM where Gold Fields has little alternative but to withdraw from the US litigation on its own behalf, it may still maintain that its interest in Newmont does not amount to a controlling stake and that it is powerless to force Newmont to withdraw.

But here Gold Fields finds itself in something of a cleft stick. It is very difficult for it to maintain that its 49 per cent interest in Newmont does not amount to a controlling interest.

This is because the anti-trust action itself was hased on the premise that if the bid succeeded Minorco would gain what amounted to a controlling interest in Newmont.

That would enable Minorco to keep the price of gold high by limiting low cost production of gold by Newmont in the US to aid its higher cost gold mines in South Africa.



Minorco's Sir Michael Edwardes (left) pips Gold Fields' Mr Rudolph Agnew at the post

Bond moves to buy in 10% of shares

By Chris Sherwell

THE FLAGGING share price of Bond Corporation, master company of Mr Alan Bond, the Australian entrepreneur, has prompted a move by the group to buy back up to 10 per cent of its shares.

An announcement yesterday said the group believed that its share price, which has plunged in recent days, significantly undervalned the gronp, and a buy-back scheme represented an opportunity for the company and shareholders to benefit.

Bnt analysts in Sydney called the move an attempt to bolster the Bond share price and said it was a signal of the group's continuing financial trouhles which would increase overall gearing at a time when its horrowings were under scrutiny.

On the Australian stock market Bond Corporatioo shares rallied strongly from a low of A\$1.12 (US\$0.89) to reach A\$1.27 in hrisk trading.

This was still below levels of a week ago, when Mr Bond blamed the chronic weakness of the group's share price on Mr "Tiny" Rowland's "devastating" counter-offensive against his assault on Lonrho.

Mr Bond also acknowledged then that he had considered taking the group private, bnt said it would he unfair on minority shareholders to hny them ont through his family company, Dallhold, which in recent hnying has hrought his entitlement in Bond Corporation to abont 63 per cent.

Under the bny-back scheme, which is seen as a step short of taking the group off the stock market, Bond Corporation will fund the purchase of its own shares np to a maximum of 10 per cent of its issued share capital. The company offered no details.

The scheme is subject to the approval of Bond Corporation shareholders and noteholders, and the Australian Stock Exchange. The company said the move was in line with legislation now before parliament which contained provisions for share buy-backs.

Bond Corporation has interests in brewing, the media, property and resources. Dallhold separately controls other interests, notably in gold.

Mr Bond himself is one of Australia's best-known husinessmen, bnt his reputation has suffered recently because of a spate of bad publicity.

DEC Europe to sell Olivetti PCs

By Alan Friedman in Milan

DIGITAL EQUIPMENT (DEC), the world's leading minicomputer manufacturer, bas chosen Olivetti of Italy to supply personal computers in the medium-to-high end of the market for Europe-wide distribution.

The DEC-Olivetti accord, which is expected to see the shipment of 20,000 to 30,000 Olivetti PCs from this summer, will enahle the US company to complete its European offering of computers and aystsms. Until now DEC has lacked a European PC supplier; in the US it relies on Tandy.

The deal should also help Olivetti make up for the likely decline of sales to its only other main equipment customer – American Telephone & Telegraph (AT&T) – with which relations have been cooling for a while.

Mr Robert Allen, AT&T's chairman, announced last week that the US telecommunications giant was considering alternative suppliers to Olivetti and mentioned Intel of California as a candidate. It is widely expected in the compnter industry that AT&T will be scaling back its purchase of Olivetti PCs. Last year AT&T bought 110,000 Olivetti machines, just undsr a fifth of Olivetti's total output. This year AT&T is thought likely to reduce its purchases from Olivetti by as much as 50 per cent.

DEC's European headquarters in Geneva said last night that Olivatti's 80286, 80386SX and 80386 machines would be sold under the DECstation label.

DEC's European and Middls East subsidiaries in 18 countries had 1988 sales of \$4.2bn, against total worldwide DEC revenues of \$11.3bn. The US company has a European workforce of 28,000.

Mr Pier Carlo Falotti, president of DEC Europe, said the decision to buy Olivetti PCs was based on the Italian company's strong European presence and its ability to meet DEC's detailed product and delivery specifications.

Olivetti was also chosen because a number of DEC's European customers already use both Olivetti and Digital systems in their networks.

Alan Cane writes: DEC has been seeking sources of personal computars compatihls with the industry standard set hy International Business Machines since the failure of its incompatihle "Rainbow" range in the early 1980s.

According to Mr Nigel Burton, an analyst at Robert Fleming, its choice in Europe was limited to about 10 suppliers, of which only Olivetti and Amstrad of the UK have sufficient volume to meet its needs.

Olivetti, however, manufactures its machines in Ivrea, Italy, while Amstrad machines are et present sourced in the Far East. Later this year Amstrad machines will be manufactured by GPT of the UK.

Other possihle supplisrs inclnded Tulip, a small Dutch personal computer maker, and Siemens of West Germany, which has recently strengthened its personal compnter capability with the acquisition of a small personal computer company – IN2.

The DEC/Olivetti deal illustrates the extent to which personal computers are now simply standard components of modern data processing systems to be purchased as commodity items.

Compaq results, Page 24

Asda buys Gillow stores for £29m

By David Waller in London

THE PERILS of mounting a lsveraged hid within the UK retail sector were highlighted yesterday as the Asda Group said it was paying £29m (\$49m) to acquire the hulk of the stores owned by Gillow. This is the furniture and carpet retailer known as Waring & Gillow until it was the subject of a management "buy-in" in 1985.

The food and carpets retailer is acquiring 48 of Gillow's 87 stores and is also picking up the brand names "Gillow", "Maples" and "Waring & Gillow" – names which for a decade or more until the buy-in hid in March 1985 were synonymous with takeover speculation.

It was then that Waring & Gillow recommended a bid from an institution-backed consortium led by Mr Cyril Spencer, a former chairman of Burton, and Mr Ashley Meyer, a former managing director of Debenhams' furniture divisions.

The company planned to come back to the market, hut it soon ran into trading difficulties and the management dno left the company early last year. A new team – consisting of Mr Simon Bee and Mr Denis Cassidy as managing director and chairman respectively – was appointed in April last year. However, the full scale of Gillow's problems only became public yesterday.

Having lost £5.2m in the 18 months prior to the deal, Gillow lost £15.9m in 1987 after interest and provisions and the net assets sank from £24m to £3m before property revaluation. According to the documents put out yesterday, gearing stood et 300 per cent, bank covenants had heen hreached and supplier accounts were overdue.

Mr Simon Bee, a former director of the Sketchley dry-cleaning company, said yesterday that the sale to Asda was miraculous under the circumstances. It would allow what was left of the company to continue as a "credible business entity" and investors to receive a cash payout.

Net assets of the business will rise from £10.4m at October 1 1988 to an estimated £21.7m.

INTERNATIONAL COMPANIES AND FINANCE

Foreign investors own over 20% of Nestlé

By William Dullforce in Zurich

BETWEEN 20 and 25 per cent of Nestlé's registered shares are now in the hands of foreign investors, Mr Helmut Maucher, managing director of the big foods group, said yesterday.

He expected the trend towards greater foreign ownership to continue, but stressed that the board intended to retain as much as possible the group's essentially Swiss character.

Nestlé rocked the Swiss business world last November when it announced plans to open up its registered stock, which accounts for two-thirds of total capital, to foreigners.

The bearer shares, which make up the remaining third, were already widely held by foreigners. Shareholders will be asked next month to approve amendments to the statutes, introducing a limit of 3 per cent of the total on the number of registered shares any person or legal entity can hold. This restriction gave Nestlé no absolute security against takeover, Mr Maucher said, but should protect it against raiders financing their bids through junk bonds and short-term borrowings.

Mr Maucher expects Nestlé's consolidated sales to reach SFr45bn ($27.2bn) this year, more than 10 per cent above its 1988 turnover. Net earnings, SFr2.04bn last year, should grow at roughly the same rate, he said. Sales climbed by 32 per cent in the first three months, boosted by the inclusion of the UK's Rowntree and Italy's Buitoni, bought last year in a SFr8.6bn spending spree.

Excluding those two big acquisitions, turnover grew by 16 per cent in the first quarter, but that rate of growth would not be sustained for the whole year, Mr Maucher said. Nestlé will concentrate this year on consolidating, improving its profit margins and restructuring its European production.

Mr Maucher said he was "in no mood to ask the board to approve further multi-million acquisitions" but he reiterated his interest in buying certain "families of products" of RJR Nabisco, the US foods and tobacco giant taken over by Kohlberg Kravis Roberts, provided the price was right.

Last year Nestlé's trading profit, at SFr4.3bn, reached a record 10.5 per cent of the SFr40.7bn turnover. Cash-flow was SFr3.34bn, up 11 per cent over the 1988 result.

The board has proposed a dividend rise from SFr150 to SFr175 a share and from SFr30 to SFr35 per participation certificate – the biggest dividend increase for the past 20 years. It brings an increase in the payout ratio from 27.9 to 30.1 per cent. Analysts have argued that Nestlé must raise its payout ratio, as it seeks international capital.

Mr Maucher said he thought 40 per cent was a good upper limit but Nestlé could not be expected to reach that over the next three years. Much depended on the development of Nestlé's currently undervalued share prices. If the price rose, making it easier for Nestlé to raise new capital, the payout ratio could also move upwards.

Shareholders' approval is being sought next month for a one-for-20 rights issue at SFr4,500 per share and SFr900 per participation certificate. This should bring in some SFr750m net in new capital, according to Mr Reto Domeniconi, the director responsible for finance.

Nestlé's 1988 balance sheet, published yesterday, bears the marks of its SFr8.6bn spending spree. The group's net treasury situation, which started with a positive balance of SFr3.4bn at the end of 1987, finished 1988 with a negative balance of SFr5.8bn.

Liquid assets fell by SFr2.8bn to SFr4.2bn, while borrowings increased by SFr6.4bn to SFr10bn. Goodwill of SFr7.1bn was written off against shareholders' funds, which are stated at SFr11.36bn at the end of December compared with SFr15.77bn a year earlier. This amortisation of goodwill against equity has been partially offset by a revaluing of fixed assets.

The management has decided in future to value fixed assets at replacement value net of depreciation, a move suggested by Peat Marwick McLintok, the auditors. The annual report says it would make asset valuation more realistic.

Mr Domeniconi remarked that the increase in debt resulting from last year's operations should be set against the SFr3.34bn cash flow which can be expected to be even bigger this year. Disinvestments, mainly from Rowntree and Buitoni, already made or about to be completed totalled some SFr300m and a further SFr500m could be expected later this year.

Excluding Rowntree, Buitoni and other purchases, which were consolidated into the accounts only for the second half of last year, Nestlé's business grew by 4 per cent in volume in 1988 – a high ratio for the food industry, according to Mr Maucher.

Nestlé is still having difficulty in obtaining a listing for its shares on the London Stock Exchange. Mr Domeniconi said the group was negotiating with the relevant committees over its refusal "slavishly to accept all their conditions."

Points at issue are Nestlé's refusal to disclose its directors' salaries and terms of appointment, the deferred tax accounting system and London's demand for audited, consolidated accounts dating back for three years.

Helmut Maucher: still interested in RJR

Mr Kenneth Dixon, chairman of Rowntree – the UK confectionery company bought by Nestlé for £2.55bn ($4.33bn) last year after a takeover battle – will retire in August, Mr Helmut Maucher, managing director, said yesterday. He will be replaced by his deputy, Mr Peter Blackburn.

Aker stops sale of Saga shares

By Karen Fossli in Oslo and George Graham in Paris

AKER, the big Norwegian industrial group, is to pull out of plans to sell its 20 per cent stake in Saga Petroleum for NKr640m ($94.5m) to Total-CFP of France.

The sale, agreed with Total last November, was part of a deal whereby the French oil group was hoping to increase its shareholding in Saga, Norway's biggest independent oil company, to 35 per cent.

Aker said it was clear that the sale, part of a complex deal already opposed by the Saga board and most parties in parliament, could not be carried out. The company had asked Total, without success, to be released from the agreement.

The agreement runs out at the end of the year. "Uncertainty surrounding the ownership position of significant shareholdings is undesirable. Aker has not at present taken a position on how long it will retain its shares," the company said.

The move by Total to take a large stake in Saga caused an uproar in Norway since it would have meant that effective foreign control for Saga. Sweden's Volvo group holds 20 per cent of Saga.

Total said in Oslo yesterday that it considered its agreement with Aker valid until the end of this year, and therefore rejected Aker decision to withdraw its 20 per cent stake in Saga. It added that it would ask the courts to decide the issue.

Paris analysts were not surprised by Aker's decision, however. They said Aker was probably swayed by pressure from the Norwegian authorities, coupled with the strength of Saga's share price which has risen to well above the NKr120 a share offered by Total thanks to buoyant oil prices.

Total has an agreement with Den norske Creditbank (DnC), one of Norway's top banks, in which DnC was to sell Total 10 per cent of Saga.

Together the two purchase options are worth NKr960m. Both Aker and DnC entered into the agreement with Total at a time when they were hard-pressed to raise fresh capital. Since then, both companies have seen improvements in their respective financial standings while the value of Saga's shares have increased significantly due to high world crude oil prices. DnC is understood not to be seeking to pull out of the agreement. Saga has oil and gas reserves in excess of 1bn barrels.

Agache triples net earnings

By George Graham

FINANCIERE AGACHE, the holding company of Mr Bernard Arnault, has reported a near tripling in net profits last year after a series of exceptional gains.

Net profits, excluding minorities, rose to FFr1.44bn ($228m), compared with FFr545m.

The results include FFr472m of earnings from the stake in LVMH, the wines, spirits and luxury goods group of which Mr Arnault is now chairman, andwhich has been built up in partnership with the UK drinks group, Guinness. These earnings were taken into account for the second half of the year only.

The bulk of profits, however, came from FFr1.337bn of exceptional earnings stemming from the sale of Peaudouce, the disposable nappy producer, to SCA, the Swedish paper products group; from the cession of its Boussac textile activities to the Prouvost woollens group; and from the consolidation of capital gains through Christian Dior increases at the Christian Dior fashion group – now the vehicle for Mr Arnault's LVMH interests – and the Au Bon Marché department store.

The Agache textiles empire, taken over by Mr Arnault in 1984 after a spectacular collapse, has been rapidly transformed, shedding almost all of its original industrial activities. Soon to be chaired by Mr Jean Dromer, the former head of the state insurance group, UAP, it stands at the head of Mr Arnault's complex cascade of holding companies.

Skanska to pay $28m for New York contractor

By Sara Webb in Stockholm

SKANSKA, Sweden's largest construction company, is to acquire Slattery Associates, a New York-based contractor which is part of the Slattery Group, for $28m.

Skanska said the acquisition would help it strengthen its position in north-eastern US, particularly when it comes to "infrastructure projects" such as roadbuilding.

Slattery Associates reported pre-tax profits of $6m on turnover of $200m in 1988 and has about 2,000 employees. It is chiefly involved in heavy construction projects such as roads, bridges and sewage treatment plants in New York and the surrounding area.

Skanska, which last year showed profits of SKr1.8bn ($284m) on turnover of SKr23.1bn, said the deal would complement its existing operations in the US in the steel erecting business.

Early surge for Schering

By Leslie Colitt in West Berlin

SCHERING, the West German pharmaceuticals and chemicals company, reported a 25 per cent surge in group earnings to DM110m ($59m) for the first quarter of 1989.

Group sales rose 21 per cent to DM1.6bn, spurred largely by a 24 per cent growth in turnover abroad to DM1.2bn. The sharp rise in foreign sales was aided by the strength of the dollar against the D-Mark.

Schering plans to issue bonus shares in a 20-to-1 ratio and to pay an unchanged 24 per cent dividend for 1988.

Last year Schering's earnings rose 10 per cent to DM157m on sales 12 per cent higher at DM5.3bn. The company's flourishing foreign sales, especially in the US and Japan, were able to more than compensate for slower drug sales locally as a result of the cuts in Germany's medical insurance system.

First consolidated result from Eridania

By Alan Friedman in Milan

ERIDANIA, the sugar, starch and agri-industrial holding concern of Mr Raul Gardini's Ferruzzi group, yesterday unveiled its first-ever consolidated results, including a L216bn ($157.5m) net profit. Because of the consolidation of a variety of acquisitions such as the European starch operations of CPC, the Lesieur foods group in France and Central Soya, the US soybean company, the 1988 Eridania profit figure is not comparable with any others.

Ferruzzi said it was, however, able to offer a consolidated comparison of Eridania's total turnover, which at L8,459bn for 1988 was nearly double the 1987 total. Ferruzzi also said it is able to predict that Eridania's 1989 revenues will total L8,722bn. The parent company showed a 9.3 per cent rise in net profits to L47.3bn.

Hafslund expects higher profits

HAFSLUND, the Norwegian pharmaceuticals, light metals and energy group, yesterday forecast higher profits for 1989 and announced that it expected to be listed on the London Stock Exchange by this summer, writes Karen Fossli.

It said profits this year would top last year's record NKr704.6m ($104m). Hafslund posted a 26 per cent increase in first-quarter profits, before extraordinary items, to NKr234m, up from NKr172m. Operating profits increased by 26 per cent to NKr251m, while operating revenues climbed by 17 per cent to NKr753m.

Hafslund has benefited from the success of its imaging business, which produces contrast media, a solution used to improve the quality of X-ray pictures. In the quarter imaging had operating profits of NKr180m, compared with NKr154m.

Rights offer to precede Inspectorate disposals

By Our Financial Staff

INSPECTORATE International, the Swiss quality control group, unveiled plans yesterday for a rights issue and forecast that profits for 1989 would advance by 10 to 20 per cent.

The company also said it was considering a number of business disposals to allow management to focus more fully on Inspectorate's core service sector divisions.

The rights issue will involve 54,625 shares on a one-for-20 basis at SFr100 each. Holders of participation certificates will be offered one share for every 100 certificates held, also at SFr100.

In a second stage, Inspectorate plans an issue of 115,375 shares which will be held in reserve for future transactions. Existing shareholders will be excluded from the second issue.

The company has said it plans a capital increase to be used partly to finance the acquisition of a minority shareholding in Adia, the employment agency group.

Chief executive Mr Yves Paternot said that inspections, testing, security and personal services would remain core operations.

But sales of the Meridian computer business and a 75 per cent stake in Harpener, the West German energy and transport group, were being considered.

Last year group net profits rose to SFr108.6m ($66.1m) from SFr85.6m.

INTERNATIONAL COMPANIES AND FINANCE

Food fight rules laid on the table

Chris Sherwell on problems facing RHM's takeover bid for GFW

To listen to Mr Pat Goodman, these are troublesome times. In New Zealand on Monday, when he was sitting on an aircraft about to take him and his wife on a Mediterranean holiday, the word came that Britain's Ranks Hovis McDougall (RHM) had launched a stock market raid on his company, Goodman Fielder Wattie, and was proposing a A$3.1bn (US$2.5bn) takeover bid.

Then on Tuesday night, after spending the Anzac Day holiday preparing his defence in Sydney, the call came. Sir Peter Reynolds, RHM chairman, woke him from his slumbers "to tell me be was making a bid" – as though Mr Goodman did not know. By yesterday, Mr Goodman was giving a press conference to reject the move as "totally unacceptable."

By that time, too, RHM had pressed on with its assault, picking up another 40m Goodman shares from a flood of sellers to lift its 10 per cent stake to the allowed limit for a foreign investor of 14.9 per cent. Word from the RHM camp was that it was also ready to submit documents to the relevant authorities.

It is evident that the battle of the European and Australasian food giants is on in earnest. Yet it is also clear that the excitement which swept through Australia's chronically dull market on Monday is now giving way to more sober reflection.

Predictably, attention is focused on whether the bid can overcome the most obvious obstacles in its path. Despite Goodman's own problems with the British authorities during its abortive attempt to take over RHM last year, few analysts believe that questions of concentration and competition are likely to derail RHM's planned bid Down Under.

The Trade Practices Commission, Australia's antitrust body, is expected to look at the proposed deal, as is its New Zealand counterpart, the Commerce Commission. But there seem to be few competition grounds for questioning the takeover without simultaneously questioning the deals which gave rise to Goodman Fielder Wattie in tha first place.

Even Goodman says there are no grounds for the Australian commission to object, since the company last year sought and won its approval to take over RHM. Most of RHM's products in the region are complementary to, rather than direct competitors of, Goodman's. And the precedent has been established in Australia that the ownership of a dominant market can be transferred without implications for competition or concentration.

A more tricky situation could arise in securing the approval of the Foreign Investment Review Board, despite the important relaxation of its guidelines in 1986 regarding foreign ownership of manufacturing businesses. Under the change, applications win approval automatically unless there are reasons of overriding national interest. So far no serious test case has arisen.

One worry for RHM could be the British dominance of Australia's bread market which might result from an RHM-controlled Goodman fighting its smaller but tough competitor, George Weston – which is controlled by another UK group, Associated British Foods. A similar concern might arise in edible oils, where Goodman's main competitor is the Anglo-Dutch Unilever.

Goodman pointed out yesterday that a successful offer "would result in the loss of effective Australasian control over vital elements of the local food industry." If enough noise is made, the politics of the matter could take on a different hue.

Apart from Government departments and state Governments which would point such matters out, there are also some big players watching what happens – among them Mr John Elliott, chief of Elders IXL, who has a stake in Goodman and, like Goodman, has been on the receiving end of British rejections.

That said, no one knows better than Mr Paul Keating, the federal Treasurer responsible for the Foreign Investment Review Board, how badly Australia needs foreign investment, and the potential damage of any mindless retaliation against Britain.

Ona issue before the board will be the benefits that an RHM takeover of Goodman could bring to Australian consumers. Last year, many analysts questioned Goodman's plan to take over RHM because it seemed to offer size rather than synergy. Similarly, they see few obvious advantages for consumers in an RHM takeover of Goodman.

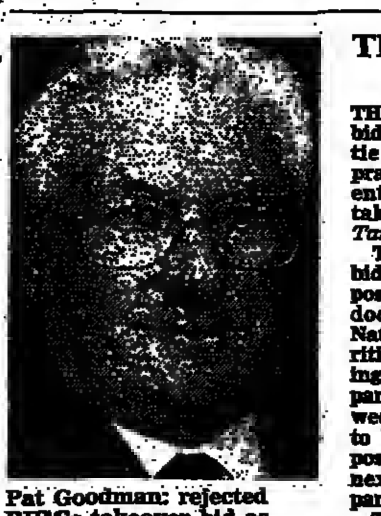
Given this, it is not surprising that other motives are seen behind the RHM move apart from RHM's obvious desire to expand internationally and the attractiveness of Goodman as a target. One is RHM'a need to shake Goodman off its own back. The Australasian group retains a 30 per cent stake from last year after failing to find a buyer at a satisfactory price.

This stake is an obstacle for RHM, since it makes shareholder backing for the Goodman takeover far more difficult to secure. It would be ironic if this approval, essential under UK regulations, was a more awkward problem than getting through the Australian rules.

Another important feature of the battle, from the Australian viewpoint, is the manner in which RHM bolstered its balance sheet by introducing a controversial policy of comprehensive brand valuation, which Goodman, under unsettled Australian accounting standards, has been unable to do.

Most Australian analysts expect a compromise between the two sides rather than a bid proceeding to completion. One possibility – a merger on terms presumably weighted to RHM – is thought less likely because Mr Goodman has been so adamantly against such proposals in the past – save on his terms.

The more likely possibility is reckoned to be a settlement which sees each withdraw from the other through some sort of equity- or asset-swapping arrangement. It is too early to speculate how this might be achieved. But it is not too fanciful to imagine another telephone conversation between Sir Peter and Mr Goodman, closing the battle with a trace after opening it with a raid.



Pat Goodman: rejected RHM's takeover bid as 'totally unacceptable'

TIMETABLE OF THE TAKEOVER BID

THE TIMETABLE for RHM's bid for Goodman Fielder Wattie will, under Australian practice, be somewhat different to that imposed by UK takeover rules, *writes Nikki Tait.*

The procedure is that the bidder must first have its proposals – known as a "part A" document – vetted by the National Companies and Securities Commission before serving these on the target company. This might take about a week, and RHM says it hopes to be able to deliver bid proposals to Goodman sometime next week. The target company responds via a "part B."

The part A is then incorporated into the offer document, and a period of between two and four weeks must elapse before this is sent out. Thereafter, there is no maximum 60-day offer period. Yesterday, RHM's advisers suggested that the first closa might be in practice some seven to eight weeks away.

It is during tha period between posting the offer documents and the first closing date that the UK company might be expected to seek approval from its own shareholders.

RHM's advisers suggest that the group is likely to move fairly quickly on this score, saying: "It would be preferable to get the UK matter out of the way as soon as possible."

INTERNATIONAL APPOINTMENTS

Bell Atlantic names Campanella president

BELL Atlantic, the US telephone company, said Mr Anton Campanella, president and chief executive of its New Jersey Bell unit, will succeed Mr Raymond Smith as its president, effective from July 1.

Mr Smith, wbo will retain his chief executive post, was also named the next chairman of Bell Atlantic, a post he will assume on July 1. He will succeed Mr Thomas Bolger, who will remain on the board.

Mr Campanella will become chairman of the board of Naw Jersey Bell until be assumes his new role.

Mr James Cullen, chairman, president and chief executive of the company's Bell Atlantic Enterprises unit, aucceeds Mr Campanella at New Jersey Bell as president and chief executive immediately. He will become chairman of New Jersey Bell on July 1.

* * *

COCA-COLA has appointed Mr Douglas Ivester, 42, president of its European operations.

As the company's cbief financial officer, Mr Ivester helped the US soft-drinks manufacturer conduct a wide-ranging restructuring of its finances and operations bnt has no operational experience. He has been with the company for 10 years.

His new post will become more important after Europe establishes a unified market in 1992.

Coca-Cola has been pursuing an aggressive plan of acquisitions and joint ventures overseas to restructure and consolidate its hottling and distribution operations, similar to what it did in the US with the establishment of Coca-Cola Enterprises, the domestic bottling unit in which it has a 49 per cent stake.

* * *

FAI INSURANCES, the Australian non-lifa insurer and investmant group, has appointed Mr John Landerer as chairman.

Mr Landerer hecame acting chairman after the recent death of Mr Larry Adler. Following his father's death, Mr Rodney Adler became chief executive.

Mr Landerer is a director of TNT and Advance Bank among other Australian companies.

* * *

TIME INC, the US media group, has appointed Mr Robert Miller, publisher of Time magazine and group publisher of Time Inc Magazine Co, worldwide publisher.

Mr Louis Weil, chief executive of the Detroit News, was also appoinmted publisher of Time US, reporting to Miller.

Time has agreed to merge with Warner Communications Inc and has been the subject of takeover speculation.

* * *

UNITIKA, a leading Japanese synthetic fibre maker, has announced the promotion of Mr Keita Taguchi, 62, from vice president to president. The move is effective from June 29.

Mr Yntaka Hirata, presideot for more than seven years, is due to become chairman.

Both appointments are subject to final approval at a board meeting on June 29.

* * *

STEEGO, the US automotive parts distribntor, said Mr Dean Anderson would be relinquishing his posts as president and chief executive officer.

The company did not explain the reason for the management change but said the positions will not be filled.

Mr Anderson will remain as a director and a consultant to Steego.

* * *

PRICE Waterhouse, the accountancy firm, has announced the appointment of Mr Thomas Macey as world chairman of financial services.

Mr Macey, who is based in New York, takes up the appointment on July 1. He succeeds Mr William Mitchell of tha Price Waterhouse Canadian firm.

In a separate development Price Waterhouse has appointed Mr William Linnenbringer as managing partner of its US firm's financial services practice.

* * *

ANZ McCaughan Securities (USA), in New York, has appointed Mr John Richart its senior vice president and manager of mergers and acquisitions.

Mr Richart was formerly the managing director of mergers and aquisitions at Chase Manhattan Bank.

INTERNATIONAL COMPANIES AND FINANCE

Du Pont boosts income by 25%

By James Buchan in New York

DU PONT, the largest US chemicals group, reports a 25 per cent advance in net income with good performances in all its traditional businesses and an improvement in its oil and gas operation.

The first-quarter result, which showed earnings of $736m or $3.08 a share, comes after weeks of growing enthusiasm for Du Pont on Wall Street. Impressed by the strong growth in the group's farm and industrial chemicals, specialised fibres and its polymer business, investors have driven up the company's stock by nearly 20 per cent since the beginning of the year.

Mr Richard Heckert, the outgoing chairman of the Wilmington, Delaware conmpany, said the strong start to 1989 should mean "a fourth consecutive year of annual earnings growth, further improving shareholder value."

Sales rose 10 per cent to $8.67bn. Du Pont's industrial products, fibres, polymers and diversified businesses enjoyed a 6 per cent increase in sales volume and 5 per cent rise in prices, with the prices rises occurring at home and the volume growth overseas.

Thanks to strong demand for white pigments and industrial chemicals, operating profits from industrial products rose 52 per cent to $147m, while fibres profits were up 8 per cent at $173m and polymers 13 per cent at $131m.

Profits from Conoco, the oil and gas business Du Pont bought at the beginning of the 1980s, doubled to $217m as a result of higher crude oil prices and a $38m capital gain. In diversified products, farm and medical products did well but earnings, at $104m, were 12 per cent down on 1988's result, which included a special $30m gain.

● Du Pont and Waste Management, the big Chicago-based waste-treatment company, are forming a joint venture to start a set of plants to recycle plastics. The first plant, which will be operating by the beginning of next year, will sort and treat about 40m pounds of plastic soft-drink bottles and milk containers and turn them into raw materials for new plastic products.

The ambitious plan, announced in New York this week, is a response to the crisis in solid waste disposal, particularly in the eastern US. Plastics are much harder to recyle than paper, aluminium or glass because of their chemical complexity. Some local authorities are considering outlawing some forms of plastic packaging.

Mr Phillip Rooney, president of Waste Management, said: "Our joint venture will demonstrate that plastics can be efficiently diverted from the municipal waste stream and put to productive re-use in new products. It means the recycling of plastics will become a greater reality."

FTC investigates Benetton's retail methods

By Roderick Oram in New York

THE US retailing practices of Benetton are under investigation by the Federal Trade Commission, the Italian clothing manufacturer has disclosed in its prospectus for a US share issue.

At the root of government concerns is Benetton's business relationship with its independent store owners who generate virtually all its sales. Some 700 of the group's stores are in the US. Of 5,000 stores worldwide, only 45 are owned by the company.

A "number of store owners, most of whom have defaulted on payments to Benetton, have alleged in bankruptcy court proceedings that Benetton has engaged in unfair trade practices and violated certain franchise and other statutes," the prospectus says.

The preliminary investigation by the FTC's New York office could lead to a full-scale study of whether Benetton should have set up its US operations under franchise laws or whether it has engaged in "unfair and deceptive practices" as defined by the FTC Act.

The company claims it is not subject to franchise laws because it has arm's length arrangements with stores negotiated by "independent sales representatives." The company has divided up the world between 70 such agents who get a commission of between 5 per cent and 7 per cent of the vaine of all goods ordered by stores in their territory. On average the agents earn aronnd $1m a year in commissions.

The representatives recruit owner-operators and help them establish their stores with fixtures and fittings bought from the company. Some have complained that the relationship is weighted heavily in favour of the representatives and the company because, for example, some representatives force goods on them they cannot sell and set up competing stores too close to them.

Moreover, legal recourse is hard for the store owners have no written contracts with the representatives or the company. Some owners who have tried to complain say the representatives have either withheld goods from them or tried to drive them out of business by opening neighboring stores.

Benetton does not believe the investigation "will have a material adverse effect on the company," it says in the prospectus for 8m American depositary receipts. The issue, which will raise about $130m when it is floated in about six weeks, will reduce the Benetton family's ownership from 87 per cent to 79 per cent.

The FTC said its list of civil penalties is wide ranging if it finds Benetton broke laws. It can, for example, order the writing of franchise contracts between store owners and the company, seek damages from Benetton on behalf of owners and ask a court to levy fines of up to $10,000 a day from the time a judgment was delivered.

"When we bring a case it can have a major impact on a company," said Mr Craig Tregillus, the FTC's chief of franchise enforcement.

Mr Federico Minoli, general manager of Benetton USA, said the company amending its retailing strategy in the US and trying to improve relations with store owners.

It is, for example, strengthening its management ranks in the US, moving to bigger stores and developing waya to improve its service to store owners.

Compaq notches up strong European sales

By Louise Kehoe in San Francisco

COMPAQ Computer, the fast growing Texas-based personal computer manufacturer, reported higher than anticipated sales and earnings for the first quarter, driven by exceptionally strong sales in Europe.

Net income increased 78 per cent to $83m, or $1.95 per share, from $47m or $1.21 in tha same period last year. Sales advanced 55 per cent to $683m from $439m in the year-ago quarter.

"Sales outsida North America were particularly strong, accounting for 46 per cent of first quarter revenue," said Mr Mike Swavely, vice-president of sales and marketing.

By 1992, European sales will represent about balf of Compaq's revenues, he predicted, up from about 36 per cent in 1988.

Market growth in Europe is running ahead of that in the US, with sales of business personal computers through retail dealers expected to grow by about 25 per cent this year.

"Market development is a few years behind that in the US," explained Mr Swavely. In Europe 10-20 per cent of business executives currently have the use of a personal computer, whereas in the US the figure is closer to 40 per cent, he reckoned.

"We believe that we are well positioned to take advantage of growth in Europe. We achieved critical mass in Europe last year, when our European sales rose from $300m to $800m and wa doubled the capacity of our manufacturing plant in Scotland, which now supplies more than 40 per cent of Compaq's international product sales," he added.

Compaq plans to expand its European production this year and again within the next few years. The company has yet to decide where to locate new facilities.

Compaq also has expansion plans for the US, where its strengths in the high performance sector of the personal computer markat, and its recent entry into the laptop sector, have boosted the company's growth.

Both these market segments are growing at a rate of more than 100 per cent each year. The company now claims a 50 per cent share of the market for personal computers based on the Intel 386 microprocessor.

● Commenting on Digital Equipment's plans to enter the European personal computer market through an agreement with Olivetti, Mr Swavely said that the company does not regard the move as a significant challenge.

"The minicomputer manufacturers, such as Digital, address a very narrow part of the personal computer market, selling only to their own minicomputer customers," he noted.

In the US, Digital has formed a similar partnership with Tandy Corporation, which is supplying Digital with personal compnters for the US market.

Earnings up at Johnson & Johnson

By James Buchan

JOHNSON & Johnson, the US consumer health-care company, increased first-quarter net income despite relatively sluggish growth in sales.

The New Jersey company, best-known for its Tylenol analgesic and a range of baby-care products, lifted net income by 13.6 per cent to $317m. Earnings per share rose by a quicker 17.3 per cent to 95 cents because of a reduction in the share capital base.

Sales rose 5.8 per cent to $2.45bn. Domestic sales were 8.7 per cent up at $1.28bn, but international sales rose only 2.8 per cent to $1.17bn. Overseas sales were hurt by a high dollar exchange rate. At constant rates, they would have risen 8.9 per cent and overall sales by 8.8 per cent.

Cray Research just breaks even

By Roderick Oram

CRAY Research, the world's leading maker of supercomputers, barely broke even in the first quarter after customers postponed deliveries of machines until the second half of the year.

The news initially knocked $6¾ off Cray's stock price, which closed at $49 on Tuesday even though the company remained optimistic about its full-year outlook. Investors are frequently unsettled by its results, which are notoriously volatile becanse compnter systems at the top of its line can cost more than $20m each.

Net profits for the three months ended March 31 dropped to $1.5m or 5 cents a share, from $26.4m or 85 cents, a year earlier. Revenues fell to $118.1m from $145.9m.

The company said the results were consistent with its earlier forecast that shipments of computer systems would be "much higher" in the second half than the first.

But more delivery dates had shifted subsequently to the second half, indicating that revenues then will be similar to the $476.1m reported a year earlier.

The directors said the company was keeping costs under control and investing fully in new products. But they added that the weighting of revenues towards the second half of the year could leave second-quarter earnings down significantly from last year's corresponding 61 cents a share.

Jerusalem Post sale aids Koor

By Hugh Carnegy in Jerusalem

ISRAEL Investors Corporation, a subsidiary of Israel's hard-pressed Koor Industries conglomerate, will realise between $15m and $20m from the sale of its controlling shareholding in the Jerusalem Post newspaper to the Hollinger group of Canada, it emerged yesterday.

As final details of the deal were being completed by Hollinger and IIC, senior officials involved said it included two packages of stock. These were 55 per cent of the Palestine Post company, which publishes the English-language daily, and 50 per cent of the Jerusalem Post company, which prints the newspaper and publishes the weekly international edition. The balance of the latter is owned by Palestine Post.

The officials said the final price would be less than the $20.6m originally bid by Hollinger, but more than $16m. This is well in excess of the nearest competing bidders and amounts to a considerable boost for Koor, which did not anticipate such a high sum when it decided to include the shareholding in a $200m asset sale agreed with creditors to ease its huge debt burden.

Koor, owned by Israel's labour movement, is the country's biggest industrial group. It will now go on to sell its 50 per cent stake in IIC, whose main assets are predominantly in US bonds. Koor hopes to raise up to $25m from this shareholding.

Hollinger, controlled by Mr Conrad Black, has yet to announce its plans for the Post, which has a maximum circulation at home of 45,000. Post staff understand the main focus will be on expanding sales to the Jewish community in the US where the international edition now sells about 40,000 copies a week.

Banner in $457m bid

BANNER Industries, the US group which was involved in a fierce takeover battle for Avdel, the UK fasteners group, has launched a $457m bid for the aircraft braking systems and engineered fabrics divisions of Loral, the US manufacturer of electronic warfare and communications systems and military computers.

US media groups ahead at operating level

By Karen Zagor in New York

TIMES MIRROR and the Washington Post, two leading print and broadcast media companies, have reported higher earnings from operations but lower net profits because of special gains a year ago.

Times Mirror, publisher of the Los Angeles Times, registered first-quarter net income of $68.8m or 53 cents a share, down from $75.1m or 58 cents for the same period last year.

Excluding an after-tax gain last year of $15.3m from the sales of assets, per share earnings this quarter of 53 cents, were up 15 per cent. Revenues for the latest quarter were $846.9m, against $774.6m.

Mr Robert Erburu, chairman and chief executive, said: "Ongoing cost containment efforts are contributing to improvements in our operations. However, we are continuing to experience some softness in advertising demand in certain markets."

Overall operating profits rose 8.9 per cent to $129.6m from $119m. Newspapers contributed $90.1m, against $75.2m, with increased advertising volume, lower costs and five additional days, including a Sunday, in the 1989 accounting period contributing to the improvement. The Los Angeles Times and the Baltimore Sun reported the strongest performances.

Operating profits for the book, magazine and other publishing sector fell 20.7 per cent to $18.0m from $22.7m due to higher editorial, administrative and postage costs, primarily at Times Mirror magazines.

The cable television group saw operating profits jump 57.8 per cent to $14m from $8.9m because of subscriber growth, higher rates and lower costs.

The Washington Post Company also reported a decline in first-quarter earnings with net income of $41.5m or $3.22 a share, against $144.8m or $11.25 a share last time. There was a non-recurring gain of $115.7m or $8.93 a share in the first quarter of 1988 from the sale of its cellular telephone interests. Excluding this, first-quarter income this year was 42 per cent up on a year ago.

The Washington DC-based company said total operating income was $66.9m, up from $45.6m. Newspaper revenue increased 7 per cent.

TV station revenues rose 5 per cent. The cable division lifted revenue by 13 per cent.

Settlements of lawsuits offset USX steel slide

By Anatole Kaletsky in New York

USX, THE Pittsburgh-based energy and steel company, almost doubled first-quarter net profits. However, the USS steel division suffered a sharp fall in operating profits, while results for the whole group benefited from one-off gains connected with the settlement of lawsuits and inventory valuation adjustments.

USX made $296m or $1.08 a share on sales of $4.5bn in the quarter, compared with $157m or 52 cents on sales of $4.0bn a year ago. Operating income before tax was $514m, against $384m.

But the result included net benefits of $119m connected with provisions and the settlement of lawsuits. Inventory valuation adjustments added $60m to operating income, against $20m a year ago.

The steel segment reported operating income of $99m on sales of $1.5bn. This compared with profits of $167m on $1.4bn in sales last year. The decline was due primarily to weakness in the oil tubular goods market and higher raw material costs, said Mr David Roderick, chairman.

The energy segment had operating income of $388m on sales of $2.8bn, compared with $91m on sales of $2.4bn last year. The higher income this year included $119m from the settlement of three lawsuits involving the Texas Oil & Gas subsidiary, plus a favourable change in the inventory market valuation reserve of $60m.

Philips stake improves results at Whirlpool

By Karen Zagor

WHIRLPOOL, the second biggest US home appliance maker, reported strong first-quarter earnings growth, reflecting its purchase of a 53 per cent stake in the appliance business of Philips of the Netherlands.

Net income rose to $40.7m or 59 cents a share from $33.2m or 48 cents on revenues up 47.7 per cent to $1.58bn from $1.07bn. The latest figures include all revenues and assets but only 53 per cent of profits from the venture with Philips.

Whirlpool said that growing profits from the former Philips operations more than covered the additional interest expense on debt used to finance its purchase of the stake and to write off related intangibles.

Equity income from the company's other foreign affiliates dropped from $4.4m to a loss of $200,000.

Sharp reverse at Chevron

By Anatole Kaletsky

CHEVRON, the third largest US oil company, suffered a 52 per cent decline in first-quarter earnings to $313m or 91 cents a share. However, last year's net profit of $653m or $1.91 included $211m in one-off gains from the sale of Angolan operations and a tax refund. Quarterly revenues rose 2.7 per cent to $7.7bn.

Like other oil companies, Chevron reported a sharp reduction in its US refining and marketing profits, to $7m from $134m last year. Refining and marketing outside the US saw a 34 per cent reduction in profits to $43m from $65m.

Exploration and production profits in the US jumped by 52 per cent to $70m. Overseas, however, these profits fell from $337m to $116m. The year-earlier figure included a gain of $191m from the sale of Chevron's Angolan operations.

Explaining the decline in downstream results, Mr Ken Derr, chairman, noted that the cost of refinery feedstocks had risen from $13 a barrel in November to $20 at the end of the first quarter, a much faster escalation than had occurred in gasoline pump prices.

Procter and Gamble ahead

By Roderick Oram

PROCTER AND Gamble, the US toiletries, food and detergent maker, registered strong growth in third-quarter earnings thanks to higher sales volume and increased prices.

Net profits totalled $310m or $1.85 a share, up 18 per cent from $263m or $1.53 a year earlier. Sales rose 12 per cent to $5.43bn from $4.86bn.

For the first nine months, net profits were ahead by 18 per cent to $1.03bn or $6.13 a share, from $880m or $5.14. Sales rose 11 per cent to $15.97bn from $14.36bn.

Results were also boosted by gains on foreign currency translations but the range of positive factors was partly offset by a higher tax rate.

INTERNATIONAL CAPITAL MARKETS

World Bank issues fail to enliven lethargic trading

By Andrew Freeman

EUROBOND markets lacked direction yesterday as a dearth of new-issue activity was little relieved by quiet trading of secondary bonds. UK and US economic data was judged as broadly neutral.

Only a handful of new issues emerged, with two deals for the World Bank prominent.

Banque Paribas Capital Markets (BPCM) was the lead manager of a C$150m seven-year zero-coupon deal for the bank, the first such issue by the borrower. The deal was later increased to C$200m after good demand.

A BPCM official said that the bonds had been priced to offer a similar yield to maturity of the equivalent government bonds.

The paper was well received, finding expected demand from continental European retail investors as well as unexpected interest from some institutional accounts, notably German mutual funds which were reported as buying large blocks.

The deal was quoted by the lead manager at less 1.14 bid, inside underwriting commissions of 1¼ per cent. Unusually, the proceeds were swapped by a third party into fixed-rate US dollars, leading to speculation that the bank was taking a bearish view of US interest rates.

Svenske International brought a SKr500m deal for the bank. The four-year bonds will be fungible with an existing SKr500m 10½ per cent World Bank issue after the first coupon date on November 15. The new paper was priced against the existing issue which was trading at 99.40 bid early yesterday morning.

The new bonds were launched, and were later trading, at 99.25 bid, a discount to the issue price of 100⅞ per cent equivalent to full underwriting fees of 1⅝ per cent. At that level, the paper offered a yield to maturity of 10.71 per cent, against the Swedish government bond yield of 11.33 per cent.

The lead manager reported moderate first-day interest in the issue, but said the tone of the market meant placement would take time.

The issue proceeds were swapped by the lead manager into floating-rate US dollars.

The Euro-guilder sector stuttered to life with a Fl 100m deal by TNT which was brought by Algemene Bank. The five-year bonds were priced at 101 per cent and carried a coupon of 7⅞ per cent. The lead manager said the bonds were trading within underwriting fees of 1⅝ per cent.

In Switzerland yesterday, trading remained subdued as high money market interest rates continued to discourage investors from buying bonds. Traders commented that Japanese convertible issues were weak following the poor reception of Monday's two-tranche issue for Fuji Bank.

A SFr150m 12-year deal for the African Development Bank was issued by Crédit Suisse. The bonds came with a 6¼ per cent coupon and were priced at 100½ per cent. They were quoted by the lead manager at less 1¼ bid.

● In the latest of a series of cutbacks, ANZ McCaughan Merchant Bank is to cease its market making activities in Australian dollar Eurobonds, AP-DJ reports.

This means that the firm is no longer a market maker in any sector of the Eurobond market.

The house has cut its capital markets presence since last August, and stopped market making in Eurosterling bonds last November.

An ANZ official said the firm would continue client dealing in Australian dollar, sterling and US dollar fixed-rate Eurobonds, and was building up its agency gilts business.

It is not yet clear how many redundancies the latest cutback will involve.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
CANADIAN DOLLARS						
World Bank♦	200	0	50.95	1996	¾/½	BPCM
D-MARKS						
Issue update:						
Dresdner Finance♦†(a)	1bn	6⅞	100.05	1999	n/a	Dresdner Bank
GUILDERS						
TNT♦	100	7⅞	101	1994	1¼/⅝	Algemene Bank
SWISS FRANCS						
African Dev. Bank♦	150	6¼	100.50	2001	n/a	Credit Suisse
Issue update:						
Japan Air System**‡§(c)	100	½	100	1993	1½	Swiss Volksbank
SWEDISH KRONER						
World Bank♦(b)	500	10½	100⅞	1993	1⅝/½	Svenska Int.
YEN						
Girozentrale♦	5bn	8½	101⅜	1993	1⅜/¼	Bankers Trust Int.

♦Final terms. †Floating rate note. **Private placement. §Convertible. a)Coupon fixed at 6⅞ on 3-month Libor. b)Fungible with existing Kr500m. c)Put option on 31/3/92 at 105 to yield 2.206.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 26

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
B.F.C.E. 7 92	150	92⅝	92¾	+0⅛	0	10.02
B.F.C.E. 9¼ 95	150	96⅞	97⅜	+0⅛	-0¼	9.84
Brit. Tel. Fin. 9⅞ 98	250	97⅛	97⅝	+0⅛	-0¼	9.81
Campbell Soup 9¼ 93	100	95⅝	96⅛	0	+0⅛	10.28
Canada 9 96	1000	97⅞	98⅛	+0¼	+0¼	9.42
Canadian Pac 10⅛ 93	100	†101	102	0	+0¼	10.27
C.C.C.E 9¼ 95	300	97⅜	97¾	+0⅛	-0⅛	9.82
C.N.C.A 9⅜ 93	150	†97¾	98⅜	+0⅛	0	6.90
Credit Lyonnais 9 91	200	†98	98½	+0⅛	+0⅛	10.05
Credit National 8¾ 93	200	94½	93	+0⅛	-0⅛	9.91
Credit National 7⅞ 92	100	93⅝	93¾	+0⅛	0	9.99
Credit National 9½ 92	160	99⅝	99¾	+0⅛	0	9.64
Dai-Ichi Kan 9⅝ 92	150	98⅝	99⅛	+0⅛	0	9.99
Denmark 7⅜ 92	500	92⅝	93⅛	+0⅛	0	10.10
E.E.C. 7 91	100	93⅝	93⅞	+0⅛	+0⅛	9.86
E.E.C. 7¼ 93	250	91⅝	92⅛	+0⅛	-0⅛	9.87
E.E.C. 10 93	140	100½	100⅞	+0⅛	0	9.79
E.I.B. 7⅜ 93	100	91¾	92¼	+0⅛	0	9.83
E.I.B. 9⅜ 97	150	97⅝	98	+0⅛	0	9.77
Eurofima 10⅜ 93	100	101	101½	+0⅛	+0⅛	9.75
Elec. De France 9 98	200	95⅜	95⅞	+0⅛	-0¼	9.80
Finland 7⅞ 97	200	89½	90	+0⅛	0	9.81
Finn.Exp.Cd. 8½ 92	200	95⅞	96⅜	+0⅛	0	10.10
Finn. Exp. Cd. 9⅜ 95	200	97	97½	+0⅛	-0⅛	9.95
Ford Motor Credit 8 91	250	†95¾	96¼	+0¼	-0⅛	10.40
Ford Mtr. Credit 10 92	200	98⅞	99⅜	+0¼	+0⅛	10.40
Gen.Elec.Cap.Corp. 9 93	500	†96⅛	96⅝	+0⅛	-0¼	9.99
Gen.Elec.Cap.Crp.10 1/2 91	500	100⅝	101⅛	0	0	9.95
Gen.Mtrs.Corp. 9⅜ 92	200	97	97⅜	+0⅛	-0⅛	10.19
IBM Credit Corp. 8⅞ 91	250	97½	98⅛	+0⅛	-0⅛	9.88
IBM Credit Corp. 9⅜ 92	250	98⅝	99⅛	0	-0⅛	9.95
Italy 9½ 95	1000	98⅛	98½	+0⅛	-0⅛	9.85
Italy 9⅝ 99	1000	†98⅜	98⅞	+0⅛	-0¼	9.84
L.T.C.B of Japan 8 91	100	95¼	95¾	+0¼	-0⅛	10.25
L.T.C.B. of Japan 9¼ 92	200	97⅜	98⅛	+0¼	+0½	9.96
Metropolis Tokyo 9½ 93	200	98¾	99⅜	+0¼	0	9.80
Nippon Tel.&Tel. 9⅜ 98	250	97⅜	97⅞	+0⅛	0	9.75
Norway 8¼ 93	500	96⅛	96¼	+0⅛	-0¼	9.83
Portugal 8¼ 91	300	†96	96½	+0⅛	0	10.50
Prudential Crp. 8¼ 94	125	95¾	96⅜	+0⅛	0	9.74
State Bk S Aust 9¼ 93	100	†97	97½	+0⅛	0	10.13
Sumitomo Bank 9⅝ 92	150	†98½	99	+0¼	0	10.03
Swed Exp Cred 7¼ 91	100	†93¾	94¼	+0¼	0	9.91
Sweden 7 91	250	93⅝	94⅛	+0⅛	0	9.90
Sweden 8¼ 96	200	95¼	95¾	+0¼	0	9.69
Sweden 8½ 92	200	†95⅜	96⅛	+0⅛	0	9.99
Toyota 9½ 91	200	98¼	99	+0¼	+0⅛	10.07
Victorian Rep 11⅜ 92	150	103⅛	103⅝	+0⅛	-0⅛	10.26
World Bank 7 92	300	†93¼	93¾	+0¼	+0¼	9.78
World Bank 9 97	500	95⅝	96	+0⅛	0	9.75
World Bank 9 93	200	97⅜	97⅞	+0¼	-0¼	9.66
World Bank 9¼ 98	300	96⅝	97⅛	0	-0⅛	9.73
World Bank 9¾ 99	500	99⅜	99½	+0¼	-0⅛	9.71

Average price change... On day +0⅛ on week -0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	95⅞	96⅛	-0½	-1	6.81
Austria 6¾ 99	750	†98⅜	98¾	-0¼	-1	7.00
Bank of Tokyo 5¼ 93	100	†96¼	97	-0⅛	-0¼	6.73
Commerzbank o/s. 5⅝ 93	300	†95½	96	-0⅛	-0¼	6.70
Credit Foncier 6¾ 99	500	†98	98¼	-0¼	-1	0.03
Degussa Int. 6¼ 97	200	95	95½	-0⅛	-0⅛	6.87
E.I.B 5½ 98	150	90⅜	90⅞	-0⅛	-0⅛	6.95
E.I.B. 6¾ 99	600	94⅜	94⅞	-0⅛	-1⅛	7.00
E.I.B. 6⅜ 96	500	95	95¼	-1	-1⅛	6.96
E.I.B. 6½ 99	300	†96¼	96½	-0½	-1⅛	7.02
E.I.B. 6⅞ 95	200	100	100¼	-0¼	-0½	6.79
Euro.Coal& Steel 5⅞ 97	175	92¼	93¼	0	-1½	7.02
Eurofima 6¼ 96	100	96⅜	96⅞	-0¼	-1¼	6.88
Elec De France 5¾ 97	300	93½	94¼	-0⅛	-0¼	6.75
Forsmark Krtg. 5⅜ 93	200	93½	93⅞	-0½	-1	7.11
Hydro-Quebec 6¾ 99	300	†98	98¼	-0⅛	-1	7.02
Japan Dev. Bk. 5⅜ 95	300	93⅝	94⅛	-0⅛	-0⅛	6.62
Japan Finance 5¼ 97	100	92⅝	93¼	-0¼	-0¼	6.94
Ireland 6⅜ 97	300	†96¾	97¼	-0½	-0⅛	7.00
Malaysia 6¼ 94	150	99⅜	100⅛	-0¼	-0⅛	6.30
Nat. West BK. PLC 6 98	300	93	93¾	0	-0⅛	7.02
N.H.L. Finance 6¼ 95	200	†96	96½	0	+1	6.97
Nippon Telg.&Tel. 6 95	400	95¼	96½	-0⅛	-1½	6.35
Oesters. Kontbk. 5 93	300	95¼	95¾	-0⅛	-0½	6.37
Portugal 5¾ 92	150	97¾	98½	-0¼	-0½	6.39
Portugal 6¼ 93	150	98¼	99	0	-0¼	6.89
Privatbanken 5¾ 93	150	94⅜	94⅞	+0⅛	-1⅛	6.92
Royal Insurance 5⅛ 92	300	†96¼	97¼	-0¼	-1½	6.65
Soc Cem Nuclear 7¼ 95	150	100¾	101½	0	0	7.01
Turkey 6½ 93	500	95⅝	96⅛	-0½	-1⅛	7.40
Union Bk.Finland 5⅜ 94	200	†94¼	94¾	+0⅛	-0⅛	6.89
Westlb. Finance 5 93	200	†93¼	93¾	-0½	-2	6.98
World BK. 6¼ 97	600	95⅜	96⅛	-0⅛	-1⅛	7.25

Average price change... On day -0⅛ on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†90½	91½	-1	-3¾	6.59
Asfinag 5 03	100	†90	91	-0¼	-0¼	6.00
B.F.C.E. 4½ 98	200	†90½	91⅛	-0½	+0¼	5.78
B.M.W.Fin.Neth. 5 13	150	†85½	86½	+0¼	+4½	6.13
Britannia B/S. 4¼ 94	100	†92	92¾	0	0	6.08
CIR. Int. W/W 3 93	125	†93	93¾	-0¼	-0⅛	4.83
Credit Lyonnais 4¼ 00	100	†88	90	-0⅛	+2	6.13
E.I.B 4¾ 98	150	†90¼	90¾	0	+0¾	6.00
Fletcher Chall. 4⅞ 98	150	†88	89	+0¼	+0¼	6.62
Kobe City 4½ 98	150	†90	90¾	0	-1⅛	6.05
Leeds Perm. B/S. 4¼ 93	200	†92	92¾	-0⅛	-0⅛	6.43
Malaysia 5¼ 98	100	†93	93¾	0	-0⅛	6.25
Maxwell Comm.Crp. 5 95	150	†92	92½	-0¼	+0⅛	6.57
Nat.Bk. Hungary 5½ 94	75	†96½	97	-0½	+0½	6.19
Nationwide Ang.B/S. 4 95	200	†91½	92½	+0¼	-0¼	6.25
Nippon Telg &Tel.4¼ 95	200	†93½	94	+0¼	-0½	5.44
Oesters. Ktrbk. 5 03	75	†90	90¾	0	-3	6.05
Prov. Newfoundland 5 03	150	†90½	91	-0⅛	-0¼	5.96
Thailand 4⅞ 93	200	†91	92	-1	-1	6.32
World Bank 5 03	150	†90½	91	-0¼	-3¼	5.98

Average price change... On day -0¼ on week -0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅜ 91	80	101⅜	102	0	0	5.01
Canada 5⅝ 93	80	101¼	102	0	0	5.11
Eurofima 5 1995	20	99	99¼	+0⅛	+0¼	5.15
E.I.B. 4⅞ 93	30	98¼	99	0	-0⅛	5.20
Ireland 5⅛ 93	30	*99⅞	100¼	0	0	5.12
Norway 5⅛ 95	50	99⅜	100⅜	0	0	5.12
Sweden 4⅝ 93	50	97⅜	98⅛	0	0	5.18
World Bank 5¼ 98	10	98⅞	99⅞	+0¼	-0⅛	5.27
World Bank 7 94	20	107⅞	108⅝	0	0	5.15

Average price change... On day +0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS.10¼ 93 £	50	93⅞	95½	+0½	-0⅛	11.85
Abbey Nat. 11⅜ 93 £	100	98⅝	99	+0½	0	11.91
Alg. Bk. Ned. 5½ 92 FL	150	95⅜	96¼	+0⅛	+0¼	7.16
Alg. Bk. Ned. 5¾ 93 FL	200	96½	97	+0¼	+0⅛	6.72
Austria 7½ 94 ECU	100	95¼	95¾	+0⅛	-0⅛	8.66
Bk.Nova Scot.14⅞ 90 AS	75	96	97	+0¼	+0¼	16.88
Barclays Aus.13½ 91 AS	100	97⅜	97⅞	+0¼	+1⅛	14.60
Belgium 8¾ 94 Ecu	150	97⅜	97⅞	0	+0⅛	8.74
BP Capital 9¾ 93 £	100	93⅝	94¼	+0⅛	0	11.72
British Airways 10 98 £	100	91⅝	92⅛	+0⅛	-0⅛	11.50
Buhrmann-Tet. 6⅜ 93 FL	100	97	97⅛	-0⅛	-0¼	7.14
Comm.Bk.Aust. 12¼ 93AS	100	†92¾	93¼	0	+0⅛	15.02
Coop.Ctr.Rabo.6¼ 93 FL	100	98⅝	99⅜	+0⅛	+0⅛	6.59
CrLocalFrance 9¼ 92Ecu	100	101⅛	101¼	-0⅛	+0⅛	8.66
Deut.Bk.Aus. 13⅜ 93 AS	125	†99	99¼	+0½	+0¼	13.54
Eastman Kodak 13 90 AS	100	94⅝	95⅝	0	+0¼	17.32
E.I.B. 7 96 LFr	100	†97¼	98¼	+0⅛	0	7.43
Elec. France 10¼ 93 C$	125	†97½	98	0	+0⅛	10.76
Eurofima 7⅜ 94 Ecu	100	†96⅞	97⅜	0	+0⅛	8.37
Fed.Bus.Dv.Bk.9⅞ 92 C$	75	†96¾	97¼	0	+0¼	10.92
Fed.Bus.Dev.Bk.10½ 93	50	97¾	98⅜	+0¼	+0⅛	11.10
Ferr. Stato 7¾ 93 Ecu	100	95⅞	96⅜	-0⅛	-0⅛	8.91
Ford Cr.Can.10¾ 93 C$	100	†98½	99	0	-0⅛	11.14
Ford Cred.Can.10⅞ 96C$	125	98¾	99¾	0	0	11.08
Ford Mtr.Cred.7⅞ 93Ecu	100	†96⅞	97⅝	0	-0⅛	8.78
G.M.A.C. 9¾ 93 C$	150	†95½	96	0	+0⅛	11.11
Hydro-Quebec 11 99 C$	400	99¾	100	0	0	11.01
Lloyds Bank 10¼ 98 £	150	92¼	93¼	+0¼	+0⅛	11.54
Lloyds Bank 11⅝ 98 £	100	96⅝	97⅜	+0½	+0⅛	11.91
Montreal Tst.10⅞ 93 C$	100	†97⅞	98⅜	0	+0¼	11.31
Morgan Guar.Tst. 11 91 C$	150	99½	100	+0⅛	-0⅛	11.09
Nat. Aus. Bk. 14¾ 94AS	100	99	99½	0	+1	14.93
Ned. Midd.Bank 6 92 FL	150	97	97⅜	0	0	7.07
New Zealand 9½ 93 £	100	92¼	93¼	+0½	0	11.79
Philips Gloeil. 6 93 FL	300	96⅞	97⅜	-0⅛	-0⅛	6.79
Privatbanken 7½ 94 LFr	500	†98¼	99¼	+0¼	0	7.81
Royal Bk.Scot.10⅝ 98 £	125	94⅜	95⅜	+0½	0	11.62
Saskatchewan 9⅞ 91 C$	150	†97½	98	0	+0⅛	11.01
Saskatchewan 10¼ 93 C$	200	97⅜	98⅛	+0¼	+0½	10.83
State Bk.NSW. 13⅞ 93AS	100	95⅜	96⅜	+0⅛	+1½	15.07
Sweden 15 94 AS	100	102⅜	102⅝	+0¼	+0⅝	14.26
Union Bk. Switz. 7½ 93	150	†96	96½	0	-0⅛	8.50
World Bank 5¾ 92 FL	100	97⅞	98⅜	+0¼	+0⅛	6.47
World Bank 13⅜ 92 AS	100	†100½	101	0	+1⅛	13.01
Zentrspk. 13¼ 93 AS	75	97¼	98⅜	0	+1½	13.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.83	99.88	18/07	13.21
Belgium 91 US	0	100.11	100.21	19/08	10
Chase Manhattan Crp.91 US	0¼	99.37	99.62	20/08	9.94
Chelt. & Gloucester 94	.063	99.81	99.86	30/05	13.47
Citicorp 98 US	0¼	98.58	98.83	29/05	10.33
Credit Foncier 98 US	.063	99.97	100.07	20/04	8.44
EEC 3 92 DM	0	100.72	100.81	20/08	6.72
Halifax BS 94 £	.1	99.97	100.02	6/05	13.07
Invt. In Industry 94 £	0¼	99.99	100.09	24/05	13¼
Leeds Perm. B/S. 94 £	0⅛	100.03	100.08	13/07	9.19
Midland Bank 01 £	.1	97.92	98.33	7/05	13.1
Milk Mkt.Brd. 5 93 £	0⅛	99.88	99.93	30/12	12.06
New Zealand 5 97 £	.07	100.07	100.17	14/11	12.19
State Bk. Nsw. 98 US	.188	100.28	100.38	11/08	9.94
Woolwich Equit.BS. 93 £	0⅛	100.03	100.08	13/07	13.37
Woolwich 5 93 £	0⅛	100.00	100.05	19/05	13.12

Average price change... On day +0.02 on week -0.04

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	113¾	114¼	-0¼	10.99
Amer. Brands 7¼ 02 US	9/87	56.7	121¼	122¼	-0¼	1.41
Ashikaga Bank 2¼ 02 US	4/87	967.	139¼	140¼	+2⅝	5.86
Asics 5 92 DM	12/83	472.7	249½	251	+9¼	7.06
CBS Inc. 5 02 US	14/87	200.	99½	100¼	+0¼	4.92
Primerica 5¼ 02 US	14/87	66.75	46¼	46¾	-0¼	110.19
Eng.China Clay 6½ 03 £	9/88	4.8	109	110	+1¼	1.88
Fujitsu 3 99 US	5/84	1106.	217⅝	218⅝	+0⅛	-0.63
Land Secs. 6¾ 02 £	6/87	6.72	93⅝	94⅝	+0¼	13.97
MCA INC 5¼ 02 US	9/87	69.62	93¼	94¼	+0¼	16.65
Minolta Camera 2¼ 94DM	2/86	1004.	114½	116	+1¼	6.79
Mitsubishi Bk.1¾ 02 US	9/87	3157.	121½	123½	+1¼	9.55
Mitsui trust 2⅞ 01 US	10/86	1903.	128	129	-0¼	4.16
Next Plc 5¾ 03 £	11/87	4.3	97⅝	98¼	0	193.39
Nikki Nipp.Bk.2⅝ 03 US	4/88	804.	120¼	121¼	0	5.53
Omron Tateisi 2¾ 02 US	4/87	1310.	238	239	+4¼	0.37
Ranks Hovis 4¼ 03 £	11/88	3.5	111½	112½	+1	7.40
Redland 7¼ 02 £	1/87	5.4	101½	102½	+1½	4.32
Saatchi&Saatchi 6¾ 03 £	10/89	4.41	91½	92½	0	50.83
Sumitomo Bank 3¾ 04 US	2/89	4296.	91½	92½	+2¼	17.99
Texas Inst. 2¾ 02 US	9/87	82.87	73¼	74¼	+0¼	54.23
W.R. Grace 6¼ 02 US	9/87	42.12	92¼	93¼	0	23.36

* No information available-previous day's price

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Norwegian accounting standards body set up

By Karen Fossli in Oslo

BACKED by a strong mandate to improve corporate accounting disclosures the Norwegian Accounting Standards Foundation (NRS) is officially launched today.

One of the main proponents of NRS is the Oslo bourse which, during a recent investigation, found off-balance sheet reporting among stock market listed companies "unsatisfactory" and the use of "extraordinary items" too readily exploited, particularly by insurance companies and banks.

NRS's mandate will be to develop and publish generally accepted accounting standards in Norway as well as provide interpretation on matters of principle in connection with published standards.

It will have a two-tier structure. A six-member supervisory board will be responsible for administration, making sure the foundation meets the goals of its mandates. The second management tier will comprise a 10-member accounting standards board responsible for technical work.

Norwegian accounting principles, which fall under the so-called company law, has hitherto been overseen by the state-authorised Auditors Association but in recent years the bourse has sought to strengthen the quality of reported accounts.

In addition, according to Mr Nigel Wilson, the Oslo bourse's director of analysis and control, other interested organisations have aimed to implement their individual standards for accounting practices which has led to fragmented standards and practices.

Kredittilsynet, the Norwegian Banking, Securities, Insurance and Exchange Commission, has also strengthened requirements for accounting practices and will, in future, put more emphasis on control.

The Ministry of Finance will, however, have the last word on NRS's recommendations. Both the Finance Ministry and Kredittilsynet will enjoy observer status at NRS meetings.

Firm start for dealing in JGB options

THE new market for options on Japanese government bonds got off to a good start yesterday with plenty of congratulatory orders near the opening, although this soon slowed to a simmer, AP-DJ reports from Tokyo.

Mr Hiroshi Morimoto, bond-market strategist at Daiwa Securities, said there was still a lot of window-shopping going on in the options market, which was completely over-the-counter. People did not want to build up large positions ahead of the Golden Week holidays next week, he added.

The head of bond-options trading at one of the Big Four Japanese securities houses said: "We have had more orders than we expected. But we don't expect this to turn into big business."

The best business opportunities for dealers will be to package the options with cash bonds and other instruments for sale to customers, according to Mr Morimoto.

A large proportion of the deals appear to be written by financial institutions seeking to generate some premium income from their portfolio holdings. There is also considerable inter-dealer trading. The market is focusing on the benchmark issues.

Dealers say premiums seem fairly low and geared to expectations of low volatility.

Taiwan offshore bank assets dip

LOWER borrowings of US dollars by local banks have pushed combined assets of Taiwan's offshore banking concerns down to $13.05bn at the end of March, from a record $13.14bn in February, Reuter reports from Taipei.

This figure compares with $11bn a year earlier.

More than 70 per cent of the assets, held by seven local and 11 foreign banks, came from Asia and the rest from north America and Europe.

A central bank official said most were in cash and the rest in certificates of deposits and bonds.

INTERNATIONAL CAPITAL MARKETS

Treasuries end mixed as dealers assess GNP data

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds swiftly lost gains of ½ point in early morning trading yesterday as dealers digested preliminary figures for first quarter GNP and their accompanying price measures.

In late trading, prices were mixed with short-dated maturities posting gains of as much as 3/32 point and the long end of the market quoted 3/32 point lower. The Treasury's benchmark long bond was quoted 3/32 point lower for a yield of 8.96 per cent.

GOVERNMENT BONDS

US GNP expanded at a seasonally adjusted annual rate of 5.5 per cent in the first quarter. Even taking into account the boost that GNP received of around 2.5 per cent by last year's drought, the figure was higher than consensus forecasts of nearer 5 per cent.

Also worrying for the bond market were the inflation figures. There was some confusion, and a small bond rally, earlier on because the implicit price deflator grew by only 3.9 per cent in the first quarter compared with 5.3 per cent in the last three months of 1988.

However, by a statistical quirk, the implicit deflator was actually depressed by sharply higher oil import prices.

A more accurate reflection of price pressures was the fixed weight index which rose 5 per cent in the first quarter after gaining 4.2 per cent in the fourth quarter.

Overall, yesterday's figures showed that the economy is slowing, but not very much, and inflationary trends are worrying.

Over recent weeks, the bond market has been rallying as it focused exclusively on the first part of this equation. A realisation that the economy is indeed decelerating but that inflation may go on rising may come to undermine the positive tone.

There is a view in the bond market that Fed policy is on hold and that the next move in interest rates is probably going to be down. There are, however, several economists who believe that the Fed will tighten again in response to more worrying inflation numbers and rising interest rates overseas.

The results of yesterday's two-year note auction were rather lukewarm.

UK gilt-edged securities were marked up significantly on better than expected current account figures for March, although prices at the close were off the day's highs, as initial euphoria at one piece of economic data subsided. On Liffe, the June long gilt futures contract closed at 95-22, ½ of a point above the previous settlement, although well below the peak of 96-04.

A current account deficit of £1.2bn, compared with £1.7bn in February, calmed, at least temporarily, market fears of a rise in base rates. At the same time, some extraordinary factors had contributed to the "improved" figure, and the background of labour unrest, together with the expectation of further poor indicators on the inflation front, had a sobering effect as the afternoon wore on.

Inflation concerns beset the German market, as the provisional April cost of living data for the federal republic generated a high year-on-year increase of 3 per cent, appearing to vindicate the Bundesbank's action in raising official rates last Thursday. On Liffe, the June 10-year bond futures contract closed at 94.01 compared with 94.32 yesterday.

The reception to the new Dutch state loan was warmer than expected, and the market saw active trading, particularly on the back of continuing inflationary concerns in Germany.

The new 7 per cent 10-year issue, which raised Fl 3.65bn, was larger than anticipated and priced cheaper, at 99.00. After dropping 15 basis points initially, it closed back at 99.00 due to professional interest.

The French market paid greater attention to events in Germany than to the economic data from the US. On Matif the 10-year June futures contract fell 18 basis points to close on the official market at 105.40. The cash tap stock, the 8¼ per cent due 1999, lost 28 centimes on the day.

Today dealers will focus on whether the Bank of France will match German rate increases at the repurchase tender.

Trading in the Japanese market was directionless for the introduction of over-the-counter options. With the cash market nervous ahead of the expected US first-quarter GNP figures and institutional investors largely staying away until premiums had settled, options turnover was limited.

The No.111 benchmark issue, which bears a 4.6 per cent coupon, closed at a yield of 5.32 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-31	+15/32	10.98	11.02	10.69
		9.750	1/98	97-02	+20/32	10.28	10.25	10.04
		9.000	10/08	97-18	+18/32	9.30	9.30	9.10
US TREASURY *		8.875	2/99	98-18	-2/32	9.11	9.08	9.40
		8.875	2/19	99-02	-2/32	8.96	8.96	9.21
JAPAN	No 111	4.600	6/98	95.5678	-0.117	5.32	5.22	5.08
	No 2	5.700	3/07	106.2121	+0.098	5.04	5.02	5.02
GERMANY		6.375	11/98	96.6500	-0.300	6.87	6.86	6.94
FRANCE	BTAN	8.000	1/94	95.3003	-0.017	8.97	8.83	9.20
	OAT	8.125	5/99	95.5100	-0.135	8.81	8.70	9.03
CANADA *		10.250	12/98	100.3750	+0.025	10.19	10.20	10.64
NETHERLANDS		6.7500	10/98	97.4750	-0.100	7.12	7.05	7.09
AUSTRALIA		12.000	7/99	92.9698	+0.549	13.26	13.55	13.83

London closing. *denotes New York closing
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Developing nation stock exchanges surging

By Peter Riddell, US Editor, in Washington

TAIWAN has become one of the world's 12 largest stock markets and the fifth most active, although requiring reform of its investor protection and accounting standards.

A detailed analysis by the International Finance Corporation, a World Bank affiliate, notes that the stock markets of several developing countries have been among the best performers over the past four years – well ahead of both Japan and the US in dollar terms.

In the latest edition of its factbook the IFC, which encourages the growth of developing countries' capital markets, highlights a number of increases both in activity and share prices, notably in several Pacific Rim countries.

In 1988, total returns, including dividends, in nine emerging markets were higher than in the Japanese market in dollar terms, adjusting for exchange rates.

On a longer-term comparison, between the ends of 1984 and 1988 the Philippines, Korea, Zimbabwe, Taiwan, Chile and Mexico all outperformed Japan, with Thailand and Columbia not far behind.

The report highlights the sharp increase in the market capitalisation of the emerging markets, up from $95bn in 1984 to $377.4bn last year – in total less than a tenth of the level of the Tokyo market and half that of London.

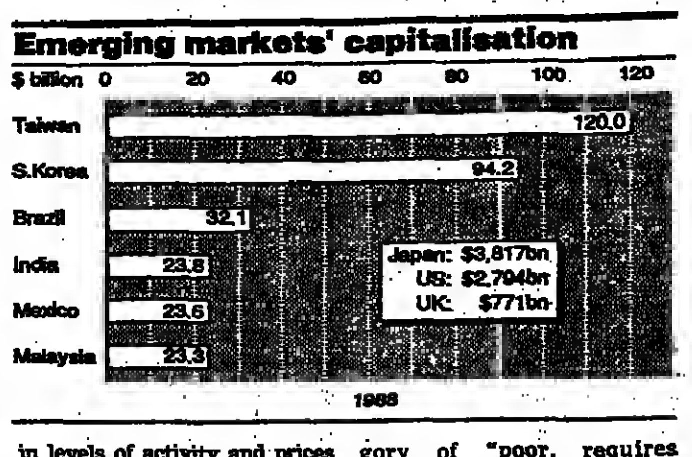
Over the same period, the value of shares traded has risen from $31.9bn to $407.8bn. In total this is a sixth of the level of Tokyo and two-thirds of London.

The figures have, however, been significantly influenced by the phenomenal growth of share prices and the level of trading in Taiwan. In 1988 the market capitalisation of the Taiwanese market rose 120 per cent and the value of shares traded jumped nearly 3½ times to $275.6bn, well over half the level of London.

However, the Taiwanese market last year accounted for nearly a third of the market capitalisation of the 30 emerging markets and two-thirds of the value of shares traded in these countries.

The turnover ratio – value traded as a percentage of year-end market capitalisation – was nearly 233 per cent in Taiwan compared with about 60 per cent in New York. Apart from Korea and Thailand the ratio is less than 20 per cent in most of the other emerging markets.

None the less, even after excluding Taiwan there has still been a sharp growth both



in levels of activity and prices in several Asian and Latin American markets. In terms of capitalisation Korea is now larger than Hong Kong and roughly the size of Sweden.

In pointing to the potential for further development, the IFC notes that while the countries with emerging markets in 1988 accounted for 12 per cent of world GDP they represented less than 4 per cent of total world market capitalisation.

The report, however, notes varying standards of market information and investor protection. On both counts, Brazil, Chile, Mexico, Korea, India and Malaysia are counted good, but Taiwan is recorded in the category of "poor, requires reform." The Philippines is rated as good on accounting, but merely adequate on investor protection.

There are also large variations in the extent to which emerging country markets have adopted automation in their settlement systems.

Big differences also exist in comparative valuations. The east Asian markets follow the lead of Japan in having very high price earnings ratios by international standards. Taiwan was on a ratio of more than 40 at the end of last year, against just under 13 a year earlier and Korea was up from 21.7 to 39.5. This compares with 53.8 for Japan and a world average of 18.1.

Apart from India and Malaysia, most of the other emerging countries, particularly in Latin America, are valued on price earnings ratios of less than the world average.

● In an effort to crack down on illegal stock trading and reduce soaring turnover, Taiwan's Securities and Exchange Commission will obtain greater power to investigate stock transactions, Reuter reports.

An SEC spokesman said regulations coming into effect today aimed to end illegal "wash-selling" – buying and selling a given stock in the same trading day.

The SEC will require brokerage houses to present for inspection on demand any stock certificates sold through them during the previous market day. They will be given only 10 minutes' notice of inspection.

Brokerages currently are required to clear with the SEC only the net balance of stocks at the end of each trading day, making it impossible to monitor same-day trading.

Emerging Stock Markets Factbook, 1988. International Finance Corporation, published in Washington, Paris, Tokyo and London.

GPA Group companies arrange $250m facility

By Norma Cohen

THREE associated companies of GPA Group, the Irish airline leasing company, have arranged a $250m one-year loan facility for aircraft purchases that will be the model for a much larger facility expected to be signed later this year.

GPA said last week it had purchased $17bn worth of aircraft and aircraft options with delivery expected through 1998, making it the largest-ever single aircraft deal.

While the latest loans are not intended to cover the most recent aircraft purchases, the structure could be the model for financing once the craft are ready for delivery.

Because GPA's aircraft purchases and operations are made through a series of affiliated joint ventures with aircraft manufacturers, an umbrella financing arrangement that will cover all of them is needed.

The $250m facility, arranged by Citicorp, is intended to provide funding for three separate GPA affiliates: Irish Aerospace Ltd, GPA Fokker Ltd and GPA Jetprop Ltd. All loans are non-recourse to GPA and secured only by the assets and cash flow of each venture. However, GPA retains at least a 50 per cent interest in each venture.

The facility carries a margin of 75 basis points over London interbank offered rates and a commitment fee of 25 basis points. It is intended to provide bridging financing for the first of the aircraft that GPA has ordered and may be fully repaid in January 1990.

It will be buttressed by a similar $1.25bn loan structured similarly but covering several additional GPA affiliates.

Austria pledges to retain 10% withholding tax

AUSTRIA will keep its 10 per cent withholding tax, in spite of West Germany's plan to scrap its equivalent duty, an official at the Finance Ministry said, Reuter reports from Vienna.

The officials added that the tax, expected to bring Austria about Sch3.5bn ($267m) in 1989, was economically justifiable.

On Wednesday West Germany's ruling coalition parties agreed to scrap the unpopular 10 per cent tax on investment earnings from July 1 1989, unless technical problems caused a delay.

The Finance Ministry official said neither a significant flow of Austrian capital to West Germany nor a big difference in interest rates between tha countries was expected to result from Bonn's decision.

Czechoslovakia to raise $200m via 10-year loan

By Stephen Fidler, Euromarkets Correspondent

CZECHOSLOVAKIA is raising $200m in the international loans markets through a group of banks led by Deutsche Bank Luxembourg and the Bank of Tokyo International.

The mandate for the 10-year loan has been awaited by bankers for some time and the terms of the deal indicate, as expected, a slight firming of loan margins in favour of the banks.

However, the country is raising more than in a similar financing last year, also led by Deutsche Bank Luxembourg.

The new loan, being raised by the usual Czech international borrower, Ceskoslovenska Obchodni Banka, has a maturity of 10 years, with a grace period before principal payments are due of six years. It carries a margin above London interbank offered rates of ⅛ percentage point for the first four years, rising to ¼ point for the remainder.

A commitment fee of 10 basis points (0.1 point) is payable for undrawn amounts during the six month drawdown period and front-end fees range between 17.5 and 40 basis points.

Last June, the borrower raised $150m over 10 years with a 8½-year grace period and a margin rising from ⅛ point for three years to 3/16 for the remainder.

● The Finnish Paper Mills' Association has set up a $150m Eurocommercial paper programme, arranged by Union Bank of Finland, with Swiss Bank Corporation and Citicorp Investment Bank also acting as dealers.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wednesday April 26 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Tue Apr 25 Index No.	Mon Apr 24 Index No.	Fri Apr 21 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	943.00	+1.3	10.65	4.09	11.53	9.80	930.86	923.16	923.19	759.78
2 Building Materials (29)	1188.95	+1.4	11.86	4.24	10.31	9.68	1168.39	1153.29	1153.46	1019.82
3 Contracting, Construction (38)	1705.26	+1.6	12.83	4.09	10.19	25.93	1678.23	1668.18	1662.38	1590.97
4 Electricals (10)	2757.91	+0.7	8.59	4.00	14.29	25.01	2738.47	2725.50	2744.48	2012.15
5 Electronics (30)	2143.80	+1.1	8.66	3.22	14.62	12.86	2119.82	2091.51	2093.97	1547.81
6 Mechanical Engineering (54)	501.52	+1.4	10.37	4.03	11.88	4.73	494.59	494.02	495.23	389.97
8 Metals and Metal Forming (7)	534.08	+0.2	14.32	5.58	7.90	8.00	534.87	533.41	533.53	451.26
9 Motors (17)	312.05	+1.7	11.81	4.86	9.89	5.78	306.75	305.44	306.66	275.40
10 Other Industrial Materials (22)	1549.96	+1.2	9.30	4.30	12.83	21.63	1531.76	1550.01	1551.81	1258.42
21 CONSUMER GROUP (185)	1194.41	+1.8	8.98	3.66	13.97	8.00	1182.03	1179.11	1177.15	1076.57
22 Brewers and Distillers (22)	1383.91	+1.5	9.91	3.51	12.77	9.88	1285.18	1286.41	1284.81	1183.51
25 Food Manufacturing (20)	1026.94	+0.8	9.75	4.02	12.92	13.32	1018.76	1014.64	1020.42	929.41
26 Food Retailing (15)	2186.14	+2.2	8.56	3.29	15.36	14.57	2138.89	2131.35	2094.86	2080.97
27 Health and Household (14)	2278.44	+0.3	6.27	2.56	18.24	9.00	2270.91	2272.83	2278.34	1787.89
29 Leisure (33)	1586.96	+0.7	7.49	3.41	16.36	14.66	1576.18	1573.96	1572.66	1288.99
31 Packaging & Paper (15)	570.25	+0.9	10.24	4.26	12.03	6.99	565.16	563.48	562.48	487.18
32 Publishing & Printing (18)	3509.52	+0.9	9.38	4.60	13.48	32.54	3477.86	3466.03	3471.20	3297.07
34 Stores (33)	800.77	+1.3	11.10	4.54	11.71	1.83	790.72	762.48	760.78	648.62
35 Textiles (15)	528.28	+0.8	11.79	5.37	10.30	0.60	524.05	521.85	520.21	620.72
40 OTHER GROUPS (95)	1067.03	+1.2	10.17	4.19	12.01	8.71	1054.26	1050.42	1049.39	867.39
41 Agencies (18)	1277.24	+1.1	8.32	2.67	15.38	13.24	1263.05	1254.27	1245.69	1137.32
42 Chemicals (22)	1216.00	+1.1	11.67	4.85	10.84	21.34	1202.71	1195.81	1194.25	1001.57
43 Conglomerates (12)	1550.92	+1.9	9.99	4.51	11.67	5.17	1522.41	1515.03	1505.78	1160.97
45 Transport (13)	2387.49	+0.8	8.29	3.61	15.46	20.16	2368.12	2368.26	2356.86	1885.57
47 Telephone Networks (2)	1103.73	+1.4	10.64	4.26	12.22	0.00	1088.66	1085.33	1089.00	945.71
48 Miscellaneous (28)	1446.17	+0.4	10.79	4.93	10.54	21.21	1439.82	1435.93	1436.66	1124.59
49 INDUSTRIAL GROUP (487)	1113.98	+1.2	9.78	3.93	12.64	9.08	1101.17	1096.27	1095.18	947.01
51 Oil & Gas (13)	2009.26	-	9.91	5.53	12.96	41.32	2008.48	2005.01	2000.14	1849.07
59 500 SHARE INDEX (500)	1189.92	+1.0	9.80	4.34	12.68	11.69	1177.95	1173.33	1172.74	1023.33
61 FINANCIAL GROUP (123)	733.15	+0.5	-	5.26	-	13.90	729.76	724.06	724.79	668.86
62 Banks (8)	725.95	+0.9	24.53	6.58	5.35	20.35	719.49	708.15	709.12	618.96
65 Insurance (Life) (8)	1039.65	-	-	5.74	-	29.35	1039.33	1038.07	1043.35	978.30
66 Insurance (Composite) (7)	581.78	+0.3	-	6.14	-	13.65	580.57	578.63	576.51	597.76
67 Insurance (Brokers) (7)	949.74	-0.1	8.66	6.64	15.06	26.01	950.39	932.45	931.72	995.54
68 Merchant Banks (11)	331.52	-	-	4.52	-	3.43	331.66	332.14	332.14	344.79
69 Property (52)	1303.41	+0.9	5.88	2.77	21.56	4.54	1292.11	1291.04	1291.14	1155.97
70 Other Financial (30)	370.06	+0.3	18.84	5.67	12.53	4.83	368.97	367.43	367.32	392.32
71 Investment Trusts (73)	1107.87	+0.4	-	2.84	-	7.08	1100.93	1096.60	1096.93	872.65
81 Mining Finance (2)	644.24	+2.5	8.99	3.95	12.20	10.43	628.58	637.59	646.29	468.55
91 Overseas Traders (8)	1389.97	+0.5	9.57	5.90	12.10	15.93	1383.64	1372.82	1364.61	1049.67
99 ALL-SHARE INDEX (706)	1078.39	+0.9	-	4.27	-	12.05	1068.33	1063.66	1063.81	929.14

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 25	Apr 24	Apr 21	Apr 20	Apr 19	Year ago
FT-SE 100 SHARE INDEX♦	2093.4	+22.2	2101.9	2072.2	2071.2	2062.0	2061.0	2064.4	2087.0	1886.7

FIXED INTEREST

PRICE INDICES	Wed Apr 26	Day's change %	Tue Apr 25	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	117.90	+0.32	117.53	-	3.93
2 5-15 years	133.06	+0.58	132.29	-	4.48
3 Over 15 years	144.91	+0.70	143.90	-	5.33
4 Irredeemables	166.93	+0.22	166.57	-	6.10
5 All stocks	130.93	+0.51	130.27	-	4.47
Index-Linked					
6 5 years	132.69	+0.12	132.53	-	1.36
7 Over 5 years	132.21	+0.21	131.94	-	1.28
8 All stocks	132.12	+0.21	131.85	-	1.27
9 Debentures & Loans	114.52	-	114.52	-	3.29
10 Preference	88.65	+0.12	88.54	-	2.01

AVERAGE GROSS REDEMPTION YIELDS			Wed Apr 26	Tue Apr 25	Year ago (approx.)
British Government					
1	Low Coupons	5 years	9.77	9.86	8.78
2		15 years	9.23	9.30	9.15
3		25 years	9.05	9.10	9.04
4	Medium Coupons	5 years	10.69	10.81	9.22
5		15 years	9.66	9.75	9.37
6		25 years	9.23	9.29	9.22
7	High Coupons	5 years	10.81	10.92	9.30
8		15 years	9.90	9.97	9.52
9		25 years	9.43	9.48	9.27
10	Irredeemables		9.07	9.08	9.00
Index-Linked					
11	Inflation rate 5%	5yrs.	3.77	3.81	2.35
12	Inflation rate 5%	Over 5 yrs.	3.63	3.64	3.75
13	Inflation rate 10%	5yrs.	2.82	2.85	1.39
14	Inflation rate 10%	Over 5yrs.	3.45	3.47	3.58
15	Debs & Loans	5 years	11.88	11.88	10.73
16		15 years	11.33	11.33	10.53
17		25 years	11.33	11.33	10.33
18	Preference		10.22	10.24	9.90

♦Opening index 2072.6; 10 am 2080.2; 11 am 2082.2; Noon 2101.6; 1 pm 2096.0; 2 pm 2095.6; 3 pm 2090.5; 4 pm 2093.0; 4.05 pm 2093.0 (a) 12.01pm (b) 9.01am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. CONSTITUENT CHANGE: MB Group (31) has been deleted. The restructured group has been inserted into group (43).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	104	0	4
Corporations, Dominion and Foreign Bonds	12	0	32
Industrials	580	209	785
Financial and Properties	243	74	341
Oils	18	29	50
Plantations	1	0	11
Mines	44	41	96
Others	59	71	129
Totals	1,061	424	1,448

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
101½p	F.P.	-	101¼p	99¼p	C.H. Industrial 9½pc Cm. Rd. Pf. £1	100	+¼
100	Nil	-	3pm	2pm	Dwyer 7.25pc Cnv. Cum. Red. Prf.	3pm	
101p	F.P.	-	103¼p	101½p	Eng. & Int'l. Tst. 0⅞pc Cm. Pf	101½p	
♦	pt/pd	5/5	310p	267p	Enterprise Fin. '89 Units Var. Call	292p	-3
100	F.P.	-	109½	104⅞	First Scott. American 11½pc Db 2016	106	+½
100p	F.P.	-	99¼	95⅛	Greenall Whitley 10pc Deb 2014	95¼	
♦	Nil	-	7ppm	1¼ppm	Goldsborne 8.5p(net) Cv Pf 2006	1¼ppm	-¼
100p	F.P.	-	101p	90p	Hambros 7½pc (Net) Cum Cnv Red Prf	99p	
103.57	F.P.	-	103½	99½	LETINVEST 10¼-11¼pc Stpd Db 2012	99½	
-	F.P.	-	100	99½	N'wide Anglia 12⅞pc 19.3.90	99⅞	
-	F.P.	-	100	99⅞	Do. 13⅛pc 23.4.90	99⅞	
99.1	£25	-	28¼	25	Do. 4.25pc Index-Linked 2024	28¼	
100p	F.P.	-	121p	105p	Sidlaw Grp. 8.5p (Net) Cv Cm Rd Pf	121p	
92.52	£30	-	30¾	26⅛	Taylor Woodrow 9½pc 1st Mtg Db 2014	26⅛	
97.10	£30	4/5	38¾	26¼	Tops Ests. 10¼pc 1st Mtg Db 2011/16	26¼	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
b72	Nil	-	10pm	6¾pm	Anglo Irish Bank	6¾pm	+⅛
30	Nil	-	26pm	16pm	Audio Fidelity 10p	25pm	
9	Nil	-	2¼pm	1½pm	Bear Brand	1¾pm	
10	Nil	-	8pm	7pm	§Clogau Gold Mines 10p	7pm	
80	Nil	-	16½pm	¾pm	§Conroy Petroleum & Nat. Res.Ir5p	6pm	-1½
270	Nil	-	38pm	21pm	Devenish (J.A.) 5p	22pm	
275	Nil	-	58pm	47pm	EIS Group	57pm	+2
265	Nil	-	44pm	38pm	McLaughlin & Harvey	43pm	-1
550	Nil	-	79pm	62pm	Western Motor	78pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♥ Issued by tender. ♠ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

● First Dealings Apr 24
● Last Dealings May 12
● Last Declarations Jul 27
● For settlement Aug 75

For rate indications see end of London Share Service

Calls in Parkdale, Bula Resources, Aviva, South West Resources, Tuskar, Spong, Far East Resources, Vista, Tyndall, Dukeminster, Monarch resources, Amersham, Business Technology, Atlantic Resources, Control Securities, Western Motor, Coalite, Gaelic Resources and Stanley Miller. PAC in Rex Williams.

LONDON TRADED OPTIONS

THE LONDON Traded Options Market yesterday waited on tha UK overseas trade figures for March and the level of acceptances of the Minorco bid for Consolidated Gold Fields.

Overall market business showed a strong recovery from levels seen earlier in the week, though a total of 42,072 contracts, made up of 32,139 calls and 9,933 puts, was not unusual by the standards of recent months.

In the end, it was Sainsbury, rarely handled in options dealings, which stole the show. Sainsbury appeared to react to general developments in the stores sector, including the bid for Gateway and the idea that the retail sector might stand up relatively well to any inflationary pressures that might develop in the UK.

Overall business in Sainsbury amounted to 2,585 contracts, worth 1,000 shares apiece, as the underlying share price in the stock rose 3p on balance to 240p. Options business in the stock comprised 1,385 call contracts and 1,200 puts.

There was heavy opening of positions on both the call and put sides of the Sainsbury dealing. A feature was that the October 240 calls and the July 240 and October 240 puts all attracted exactly 600 contracts each, with all of them representing opening of interest.

The net result of the day's dealings was that open call interest in Sainsbury rose by 1,058 contracts to 2,766, and the put by 1,173 to 1,437.

Turnover in tha FT-SE 100 index saw a little more than 30 per cent of overall volume, amounting to 14,851 contracts, consisting of 10,610 calls and 4,241 puts. The June 2,200 calls attracted 1,621 contracts and the April 2100 calls some 3,308, effectively all opening of interest, and the April 2,050 calls 1,373, about half closing. The most heavily traded series was the April 2100, which found business of 2,907 contracts, but hardly a shift in open position.

British Telecom, GEC, Lasmo and Racal all attracted over 1,000 contracts.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*449)	420	38	52	60	9	14	16
	460	15½	31	38	29	33	36
	500	5	15½	-	61	63	-
Brit. Airways (*191)	180	17	22	27	6	8	11
	200	6	15	17	18	19	22
	220	1½	7	-	36	38	-
Brit. Com. (*208)	200	17	26	20	8	10	12
	220	7	14	17	20	22	24
	240	3	7	-	38	38	-
Beecham (*623)	550	84	103	117	6	14	18
	600	47	70	84	22	28	31
	650	25	44	58	48	54	60
Boots (*291)	260	36	43	49	4½	5½	7½
	280	21	30	37	10	15	15
	300	10	20	27	20	25	26
B.P. (*285)	260	34	38	47	2½	6	7½
	280	20	24½	34	7	11	14
	300	9	15½	23	18½	20	24
British Steel (*84)	70	15½	16½	21	1½	3	4½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Shell Trans. (*405)	360	-	67	75	-	5	6
	390	30	40	52	7	12	15
	420	15	22	33	19	24	26
Storehouse (*174)	160	21	27	30	6	9	12
	180	10	15	20	17	19	22
	200	5	8½	-	33	34	-
Trafalgar (*381)	330	52	64	70	4	6	9
	360	28	44	50	9	14	20
	390	12	22	30	27	28	36
Utd. Biscuits (*323)	300	29	41	48	7	10	12
	330	12	24	31	22	24	26
	360	5	12	-	58	58	-
Unilever (*547)	500	62	82	98	5	7	10
	550	28	47	60	20	24	28
	600	7	25	-	58	38	-
Ultramar (*305)	280	43	55	66	8	14	14
	300	28	45	50	15	20	23
	330	14	26	34	32	36	38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Scot. & New (*290)	280	16	26	38	4	11	14
	300	5½	17	28	15	22	26
	330	2	8	14	44	48	48
Tesco (*174)	140	35	41	43	1	1	3
	160	15	22	27	1	3	5
	180	2¼	10	15	9	10	15

Option		Calls May	Calls Sep	Calls Dec	Puts May	Puts Sep	Puts Dec
Vaal Reefs (*582)	70	14	17	20	¼	2	3
	80	5	7½	15	2	4½	7
	90	1½	4	6	10	11	11

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Amstrad (*121)	120	10	16	20	6½	9	12
	130	5½	15	16	12	15	16
	140	3	8	11	21	23	23
Barclays (*444)	390	65	77	-	1	3	-
	420	38	50	60	4	9	10
	460	12	25	33	20	28	30
Blue Circle (*529)	460	78	94	-	3	6	-
	500	46	62	74	9	16	19
	550	16	33	46	32	40	42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2093)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

April 26 Total Contracts 42,072 Calls 32,139 Puts 9,933
FT-SE Index Calls 10,610 Puts 4,241
*Underlying security price.

UK COMPANY NEWS

Referral was odds-on favourite in the Merger Stakes

Lisa Wood looks at the past relationship between the betting industry and the Office of Fair Trading

TUESDAY'S REFERRAL to the Monopolies and Mergers Commission of Grand Metropolitan's £331m acquisition of William Hill, the bookmaker, should not heve come as a surprise to the industry.

British off-track betting has long been a source of fascination for the Office of Fair Trading, the body which made the recommendation to Lord Young, the trada and industry secretary, that the merger of William Hill and GrandMet's Mecca Bookmakers be investigated.

UK BETTING STAKES 1981-1988

	Off-track £m	On-track £m	Tote £m
1981	3,094	350	107
1982	3,045	329	96
1983	3,185	362	87
1984	3,184	343	85
1985	3,432	375	87
1986	3,706	405	94
1987	4,053	453	105
1988	5,125	n/a	n/a

Source: HM Customs and Excise

Just over two years ago the OFT mounted its own investigation into the off-course betting industry with a view to finding out whether or not a complex monopoly existed in the industry among tha four major players – at that time Ladbroke, William Hill, Mecca and Coral. Together these companies commanded about two-thirds of the £5bn industry.

A complex monopoly is said to exist when two or more companies command more than 25 per cent of an industry or where an industry is found to ha collectively conducting its affairs in such a way as to prevent or restrict competition.

The MMC, which recently published a report advocating radical reform of the UK brewing industry, had decided before making its recommendations that such a monopoly existed in the vertically-integrated brewing industry where brewers own their own outlets.

Of particular interest to the OFT in its 1987 investigation of the betting industry were: the new Satellite Information System which was being installed in bookmakers' shops; ownership of greyhound racing stadiums; continuing allegations of hookmakers making private deals between each other to keep off each other's patches; and the system in hetting shops of paying out on starting prices regardless of the odds at the time the punter placed his bet.

A year earlier the industry had been asked by the Restrictive Practices Court to maka undertakings not to collude after it was found that some clandestine agreements had been struck on the mutual closing of betting shops and on support in opposing applications to licensing magistrates when newcomers songht to open outlets.

Gordon Borrie (left), Director General of the Office of Fair Trading, Alan Sheppard, the chairman of GrandMet, and Cyril Stein, his counterpart at Ladhroke

The OFT investigation was a fairly wide-ranging affair. Its team visited hookmakers' offices and race-tracks and collected information from punters.

However, in January 1988, Sir Gordon Borrie, director general of the OFT, took the unusual step of announcing that ha was not going to make a referral to the MMC of the largest four companies in the industry on monopoly grounds.

In a very carefully worded statement the OFT said: "The director general is not satisfied that in the context of the hig four's betting operations there is sufficient evidence to justify a complex monopoly reference to the MMC."

"Fortuitous," was how one industry ohserver deserihed the William Hill and Mecca merger – and its subsequent referral to the commission.

For, in the course of looking at this individual merger, which would ereate a chain of some 1,701 shops, about 16.5 per cent of the UK off-traek betting outlets (market leader Ladhroke has 1,716), the MMC may well throw up fresh information to strengthen the OFT's hand if and when it should want to re-investigate the industry.

And while there has been no suggestion that the industry is hreaking its agreements to the Restrietive Practices Court, it is understood thet the OFT is still keenly interested in the paying out of winnings on starting prices.

Big bookmakers ean affect the "starting price" of e horse hy plaeing money on the course a few minutes hefore the start of a race. It is a system whieh means that, if a great deal of money has been placed on one horse, the bookmakers bet on that horse with other hookmakers so as to hedge their liabilities.

Mr Bruce Jones of Kitkat & Aitken, the stockbroker, said that theoretically some people might feel unhappy that the hig hookmakers could affect starting prices. However, he added: "In practice it would be unfair to prevent hookmakers from laying off bets."

Whether or not the MMC will make any significent comment on this issue – and open it up for fresh investigation by the OFT – will be revealed when the commission makes its report on William Hill and Mecca in August.

However, Mr Bob Green, chairman and managing director of William Hill/Mecca said: "I do not understand why all these issues are being raised again. We went through it all, ehapter and verse, when the OFT visited us before."

Interim finance for Tuskar oil find

By Steven Butler

TUSKAR RESOURCES, the USM-quoted oil exploration company, yesterday said that it had raised interim hank financing for evaluation of a large oil find in Colomhia and would not have to make a further call oo shareholders' funds.

Mr Neil O'Donoghue, the ehairman, also suggested in a letter to shareholders that development of the field might also he feasihle without a rights issue. However, he warned that shareholders should exercise caution until evalutation of the reservoir was complete because of the potentially dramatic effect of the diseovery on the small company.

Tuskar recently completed another appraisal well on the reservior in the southern Llanos Basin in Colomhia, which resulted in increasing estimates of recoverahle reserves at the field from 100m barrels to 250m barrels. This is a huge reservoir for a small explorer.

The test well flowed at a rate of 900 harrels of oil e day. The oil is relatively heavy, at 14 to 15 degrees API, hut high reservoir temperatures and porosities mean that there would be few production prohlems, according to the eompany. High viscosity would normally make production of this type of oil difficult.

Tuskar estimates that capital and operating costs of the field would be less than $2 a barrel, which with transportation and royalty expenses included, would mean a hreak-even cost of $6.25 a barrel.

Tuskar has direct and indirect interests in the field amountiog to 86.4 per cent, although Ecopetrol, the Colomhian state oil company, has rights which could reduce Tuskar's interests to 34.6 per cent.

Blue Arrow loan statement

Blue Arrow, the embattled employment ageney, is planning to despateh a circular to shareholders about its controversial $25m loan hy the middle of May.

The interest-free loan wes made to a company controlled by Mr Peter de Savary, the ioternational yachtsman in December. The proceeds were intended to help finanee the joint sponsorship with Mr de Savary of a British challenge for the America's Cup yacht race.

PUBLIC WORKS LOAN BOARD RATES

Effective April 26

Years	Quota loans repaid by EIP†	A††	at maturity§	Non-quota loans A* repaid by EIP†	A††	at maturity§
1			12½			13¼
Over 1 up to 2	12⅜	12⅛	11¾	13⅜	13¼	12½
Over 2 up to 3	12	11⅞	11⅝	13	12⅞	12⅛
Over 3 up to 4	11⅝	11⅝	11⅛	12⅝	12½	11⅞
Over 4 up to 5	11½	11⅜	11⅛	12½	12⅜	11⅞
Over 5 up to 6	11⅜	11¼	11	11⅞	11¾	11½
Over 6 up to 7	11¼	11⅛	11	11¾	11⅝	11½
Over 7 up to 8	11⅛	11⅛	10⅞	11⅝	11⅝	11⅜
Over 8 up to 9	11⅛	11	10⅝	11⅝	11½	11⅛
Over 9 up to 10	11	11	10½	11½	11½	11
Over 10 up to 15	10⅞	10½	10	11⅜	11	10½
Over 15 up to 25	10⅛	9⅞	9⅝	10⅝	10⅝	10⅛
Over 25	9¾	9⅝	9½	10¼	10	10

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Increase based on absence of Third World provisions and strong growth in assets

Bank of Scotland climbs 36% to £178.5m

By David Lascelles, Banking Editor

LAST YEAR'S boom in the banking business helped the Bank of Scotland to a 36 per cent increase in pre-tax profits in the year ending February 28.

The taxable advance from £131.3m to £178.5m was achieved on the back of a strong 28 per cent growth in assets to £14.1bn, mainly in mortgages and management buy-out finance, and was broadly in line with expectations. The shares gained 1p to 95p.

However the profit comparison with the previous year was distorted by the large exceptional charge of £25.3m which the Edinburgh-based institution made in 1987 to cover possible losses on Third World loans. Leaving this aside, Bank of Scotland said the underlying profit growth was in the order of 15 per cent.

Earnings per share were 13.8p, up from 10.9p. The bulk of the profits came from the clearing bank which earned £128.6m (£92.3m). Mr Bruce Pattullo, chief executive, said that contrary to some banking comments, the Bank of Scotland did not see an erosion in its lending margins. While the mortgage book had suffered from the recent rise in interest rates, he expected to recoup this when rates started going down.

Management buy-outs, the other major area of asset growth, was both a good source of lending business and an effective way of acquiring new clients. Mr Pattullo said his bank had financed 600 buy-outs. He was unable to put a total value on them, but he stressed that they represented a prudent activity and were not comparable to the highly leveraged deals prevalent in the US.

Fee income increased by 19 per cent, helped by bank charges. But the bank warned that the shift to interest-bearing current accounts would affect both fee earnings and net interest income.

Mr Pattullo said the Bank of Scotland's home banking service, HOBS, continued to show encouraging growth, mainly in the corporate rather than personal market. But he declined to disclose any numbers. He said HOBS was "a useful contributor to profits".

Bruce Pattullo – although the mortgage book has suffered recently, he expects to recoup when rates fall

Among the group's subsidiaries, NWS Bank, the finance house, raised profits from £27.1m to £32m, helped by a decline in bad debts. The British Linen Bank, the merchant banking arm, earned £18.3m (£8.6m), including a £3m gain from the surrender of a property lease.

The Bank of Wales, which is 75 per cent owned, had a slight fall in profits from £2.6m to £2.5m. But Mr Pattullo said this reflected the cost of expanding the business, and he expected the bank to flourish.

The group's total costs rose from the equivalent of 55.1 per cent of revenue to 57 per cent. Mr Pattullo said the bank was keeping a close eye on costs, but he emphasised that this was 10 percentage points below the level of the big London-based clearers.

The total charge for bad debts was £48.8m, up from £47.6m last year excluding the exceptional Third World charge. The specific charge was reduced by 15 per cent, but the general was increased by £9m using a formula applied in earlier years.

The group's "Basle" capital ratio is 6.5 per cent for Tier 1 and a total of over 11 per cent, both well above the agreed minimum. These were helped by a £100m issue of non-cumulative irredeemable preference stock last year.

See Lex

Borthwicks abandons processed meat project

By Andrew Hill

Borthwicks has abandoned Operation Mango, the processed meat project which has cost the foods group nearly £2.5m since it was offered exclusive rights to the idea in 1985.

The group said the cost of advertising the product – which is made by compressing lower quality beef and pork cuts into boneless joints and steaks without using artificial additives – would have been too great.

Although many of Borthwicks' meat products and flavours eventually reach British stomachs, only a small proportion are sold under the the company's own name, making marketing difficult.

In addition, Borthwicks' beef roasts and pork steaks – also known as "muscle meats" – were more expensive than better-known competitors.

Mr Peter Brackenridge, finance director, said yesterday: "Test marketing went well in so far as people seemed to like the product, but they found it too expensive. Conceptually, it was probably a winner, but we could not produce it at a price which gave us good margins."

The two inventors of the process will be allowed to exploit the technology elsewhere, but Borthwicks will retain the rights to the idea and seek royalties if it is used by others.

Mango was the original codename for the project which Borthwicks hoped would crown its recovery from the burden of massive borrowings in the late 1970s.

But unexpected delays in the development of the product have cost the onetime meat trader £2.09m already and a further £350,000 will be written off in the 1989 accounts. The group has already warned of unsatisfactory interims.

The abandonment of Mango is the first move by Mr Cornel Riklin, Borthwick's new chief executive, who was appointed to build on the work of company doctors Mr Lewis Robertson and Mr Dennis Carey.

Hanson sells Shaw to management and Finns for £24.7m

By Nikki Tait

MANAGEMENT OF Elizabeth Shaw, the chocolate and sugar confectionery group, is teaming up with Finnish group, Huhtamaki, to buy the Bristol-based business from Hanson, the large UK conglomerate. The purchase price is £24.7m cash.

This is the latest in a series of asset disposals by Hanson, a number of which have involved the conglomerate's food sector interests. Over the past year, it has sold Ross Young's, the frozen and chilled food company acquired as part of Imperial Group; HP Foods and Lea and Perrins; and the US-based Hygrade Foods.

Like Ross Young's, Elizabeth Shaw became part of Hanson as a result of the group's takeover of Imperial Group in 1986. It had already been subject to an £8m management buy-out back in 1981 from the Cavenham group, before being acquired by Imperial in 1985.

The current management buy-out, led by managing director Mr Geoff Matthews, is financed by £350,000 of equity. Of this, £250,000 is coming from the management, and Leaf, which is the Amsterdam-based confectionary arm of Huhtamaki, is putting up the remaining £100,000. Leaf is also making a further, undisclosed contribution to the financing package, which includes around £21m of debt funding.

Huhtamaki itself has annual sales of around £600m, of which about half are in confectionery. These are weighted towards the States, where it is said to rank fifth. In terms of the world confectionery market, Leaf is put in 14th place.

Shaw, which says it approached the Finnish group with a view to Leaf becoming involved, says that there will be benefits both in terms of the development of Leaf's sales in the UK and of its own products overseas through Leaf's distribution network.

In the UK, Leaf sells "Sportlife" sugar-free gum, "Hellas" bars, and "LO" low-calorie chocolate. Leaf adds that it plans to "evaluate the UK potential for a much wider range of chocolate and sugar confectionery in conjunction with Shaw."

Shaw made pre-tx profits of £1.86m in the year to end-September on sales of £31m, of which 10 per cent went in exports. It takes in Elizabeth Shaw liqueur chocolate, mint crisps and liqueur chocolate truffles, as well as "Chewits" fruit chews and some sugar confectionery ranges.

Jessups 7% higher at £1.1m midway

Jessups, the Essex-based Vauxhall-Opel motor dealer, raised its profits by 7 per cent to £1.1m for the half year ended February 28. Turnover rose from £40.28m to £42.79m.

The directors said the results compared favourably with last time's £1.02m despite a less buoyant retail climate brought about by the Chancellor's measures to dampen consumer spending.

They pointed out that the measures were having the intended effect and that the dealerships were experiencing a lower volume of sales on both new and used vehicles.

Basic earnings emerged at 7.76p (7.89p) and the interim dividend is being lifted by 0.25p to 2.25p per 25p share.

Burns-Anderson buying again

By Clare Pearson

BURNS-ANDERSON, the financial and recruitment services company, has taken a stride forward in the establishment of a nationwide network of independent financial advisers operating under its umbrella with the purchase of Westcourt Group.

Burns-Anderson said yesterday the enlarged network would operate from about 100 locations. It is expected to bring in fee income of £12m in the twelve months to May 1990, rising to £27m in 1990-91. Membership is expected to stand at 300 firms by March 1991.

The company said demand for network membership had never been stronger. The scheme, where members retain control of their own firms but process all new business through the network, was originally launched in February 1988.

Earlier this month, Burns-Anderson announced it was adding to its employment agency side with the £800,000 cash purchase of Headway Personnel.

Bid approach for Chambers & Fargus

Chambers & Fargus, the seed crusher and edible oil refiner, has received a firm takeover approach which would value the company at £7.2m.

The directors said that they have been informed of an intention to offer 150p a share. Following the announcement of the possible offer the company's shares rose sharply to close at 147p - up 33p on the session.

Chambers & Fargus returned a slightly altered pre-tax profit of £335,000 for the six months to December 31 last year following a 17 per cent increase in turnover to £9.48m.

Reuters share conversion

THE CONVERSION of the unlisted "A" shares in Reuters Holdings is to take place today after the company won approval for its share restructuring plans at yesterday's extraordinary general meeting. Accordingly, the "A" shares will become "B" shares, which carry one vote per share.

Under the terms of the plan some new "B" shares will be placed and some held until at least September 30, the earliest date they can be sold under an orderly marketing agreement.

Diploma to acquire Macro Marketing

Diploma has agreed to acquire, subject to holders approval, the outstanding 10 per cent minority interest in Macro Marketing Holdings, the holding company of Macro Marketing and Anzac Components which are electronic components distributors.

The consideration is £3.57m in cash.

Pre-tax profits for the year to September 30 1988 attributable to the shares acquired was £574,000 and the book value of the relevant minority interest at that date was £3.25m.

CEI pays over £2m for STC relay side

Cambridge Electronic Industries, the component and instrumentation group, has acquired the relay division of STC for between £2m and £2.25m cash. The relay division will be merged into PED, CEI's subsidiary, and the acquisition is part of the group's restructuring plan.

Peter Black criticises Lambert management

By John Thornhill

PETER BLACK, the consumer goods manufacturer and distributor which is making a hostile bid for Lambert Howarth, has severely criticised the management of the footware and luggage group.

In a letter accompanying the offer document, Mr Thomas Black and Mr Gordon Black, joint chairmen of Peter Black, wrote that Lambert Howarth's inconsistent profit record reflected the board's inadequate response to changes in the footwear industry.

The letter highlighted "the commercial misjudgements made at the time of the launch of the Hitz footwear range; the disappointing performance of Custom Cases; the resignations of the chief executive and finance director; and a significant loss for 1988."

Peter Black pointed to its record in turning round Newbold & Burton, the footwear company it acquired in 1987, and suggested it could do the same for Lambert Howarth.

Peter Black said the combination of the two companies would enable them to implement economies of scale, rationalise design and pre-production costs, focus marketing effort and reduce inventories.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims- Bertrams Inv Tst, British Assets Tst, Decler Simpson, Fenner (JH), Five Oaks Invs, Investors Capital, National Home Loans, Pennant Properties, Scottish Metropolitan Prop.
Finals- AMEC, Anglo American, Clarkson (Horace), Executex Clothes, Fleming Universal, Govett Oriental, S & U Stores, Smaller Companies Int, Smallshaw (R), TV-am, Wellcome.

FUTURE DATES

Interims-	
Carr's Milling	May 16
Guinness Mahon	May 4
Huntingdon International	May 5
Johnson Cleaners	May 4
Radio City	May 25
Finals-	
BDA	May 2
Delyn Packaging	May 3
Kitty Little	Apr. 28
Mezzanine Capital & Inc	May 8

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bank of Scotland	fin	2.55	June 16	2.05*	3.8	3.15*
Bank of Wales	fin	1.8†	-	1.8	2.8	2.8
Brixton Estate	fin	8.25	-	4.8	9.75	7.8
Ensign Trust	int	0.3	May19	0.4	-	1.8
Hatfield Ests §	int	1.25p	June 23	-	-	3
Jessups	int	2.25	-	2	-	6.25
London Fin & Inv	fin	1.2	-	1.1	1.2	1.1
Molynx Holdings	fin	2.25†	July 5	1.75	2.25	1.75
Sage Group	fin	1.45	July 7	3	7.2☆	4.6
Shiloh	fin	1.5	-	1.375*	2.375	2.25*
Verson Intl	fin	0.4	-	0.22	0.575	0.33
Wade Potteries	int	1.65	June 9	1.5	-	5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆For 15 months.

UK COMPANY NEWS

Boosted by Budget, company bucks trend in UK holiday market

Saga makes £2.73m in 15 months

By Clare Pearson

CHANGES AFFECTING old people's finances, announced in the Chancellor's Budget speech, appeared to be benefiting an otherwise depressed UK market for holidays, Saga Group, the tour operator for the elderly, said yesterday.

Mr Roger De Haan, chairman, said that even though most of the changes – allowing pensioners to earn more and widening the net for those eligible for supplementary pensions – would not take effect until next year, their announcement appeared to have provided a psychological boost.

He was speaking as Saga unveiled pre-tax profits of £2.73m for the 15 months to January 31.

This period, which took in the seasonally loss-making winter months, compared with £4.31m for the 12 months in 1988 to October 31, which used to be Saga's year-end and £2.21m for the year to end-October 1987.

Mr De Haan said that in the initial two months of the current year, sales of holidays in both the UK and US had been depressed compared with 1988, possibly affected by plane disasters. The operation in Australia, however, had pushed sales ahead by 60 per cent.

On the non-holidays side, Saga announced a new development yesterday: a move into retirement homes. A chief executive for this new division, which is not expected to contribute for the first two years, has been appointed.

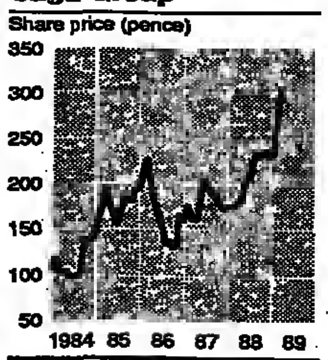
In the financial services division, Saga has become a representative of Sun Life Assurance Society instead of the TSB Trust Company. Mr de Haan said this was because Sun Life offered a range of products designed for old people.

Saga continued to publish the magazine "Trust" on behalf of TSB.

The newer businesses of insurance and publishing are expected to make a "significant" first-time contribution to profits in the current year.

Turnover was £113.81m (£99.52m, up from £85.3m, for the 12 months to end-October 1988). There was a £3.12m extraordinary item for the sale of the company's headquarters. Earnings per share came out at 10.83p, against 17.01p for the 12 months (6.74p). A final dividend of 1.45p is being paid, making 7.2p for the 15 month period.

Saga Group
Share price (pence)



● COMMENT

Saga continues to look like a highly well-run company: its tour operations are outperforming a failing market, and its well-thought out diversifications into financial services and publishing are apparently beginning to come good. Though it is hardly the first company to see the attractions of building retirement homes, at least Saga will be able to apply its considerable understanding of elderly people's needs and wants to the venture. However, the premium on the tightly-held shares would seem to have got rather ahead of itself recently. Assuming that pre-tax profits, helped by higher cash balances, reach £5.25m for the period to January 31 1990, the prospective p/e is a bit high at about 15.5.

BBA disposals in N America

BBA, the motor components, industrial materials and aviation services and parts group, has sold two North American companies involved in the manufacture of structural plastic mouldings to the automotive industry for up to £21.1m.

The companies, Butler Polymet and Butler Polymet Canada, were acquired last May through the purchase of the Guthrie Corporation for £221m.

The disposal to Rockwell International will assist the company's plan for "an orderly reduction" in gearing by cutting it from 82 per cent to between 77 and 78 per cent.

Dr John White, BBA's group managing director, said the sale would further the group's plans to concentrate on core business operations.

The terms of the deal include an earn out pegged to performance over the next five years which could contribute £7.7m to the maximum settlement.

The companies made a profit before tax and interest of £2.6m in the year to December 31 and the book value of the businesses at the same date was £12.6m.

Wade hit by start-up costs

Start-up costs of some £400,000 associated with its tableware operation in Northern Ireland were blamed by the directors of Wade Potteries for a profits fall of £450,000 to £620,000 pre-tax for the six months to January 31.

They pointed out, however, that productivity was now increasing and that the tableware unit was starting to make a positive and growing contribution to profits.

Overall, they looked for an improvement in the second six months and are, meanwhile, raising the interim dividend from 1.5p to 1.65p from earnings of 4.52p (6.8p). Turnover for the opening half improved from £10.43m to £11.79m.

WPP cash and share purchase

WPP Group, marketing services concern, has bought The Marketing Consultancy, a sales promotion company, for £1.94m in cash and shares. TMC made pre-tax profits of £483,000 on turnover of over £2m for the year to March 31.

A final payment, based on the average after-tax profits for the three years to December 1993, will be made in 1994 subject to a maximum consideration of £7.25m.

Greenall quits bingo

By John Thornhill

GREENALL WHITLEY, the Warrington-based drinks and hotel group, is to sell the UK bingo clubs which form part of its Stretton subsidiary. The company said the bingo operations no longer formed a core part of Greenall Whitley's business and did not fit in with its long term strategy.

Stretton has 10 operating bingo clubs, one that is closed and another that is being leased. It also owns a development site in Leeds.

In the year to September 29 1988, the bingo clubs operated through Stretton made a profit of £1.3m (before depreciation and head office costs) on turnover of £4.5m.

Stretton's fruit machine business will be retained by Greenall Whitley.

TR Energy reduces loss to £621,000

TR Energy, which manages a portfolio of investments in the oil and gas industry, cut pre-tax losses from £3.48m to £621,000 in 1988 and deficit per 10p share came down to 0.5p, against 8.3p.

After tax credits of £238,000 (£7,000) and an extraordinary credit of £401,000 – the profit on cancellation of £1.4m of $8\frac{1}{4}$ per cent (formerly 8 per cent) conv. unsecured loan stock 1997-2001 – net profits totalled £18,000 (£3.47m loss). Again there is no dividend.

The first quarter of 1989 ended with net unaudited profits in excess of £0.5m, but the directors warned it could not be taken as indicative of the full year outcome.

Memory Computer 76% downturn

Dublin-based Memory Computer, the USM-quoted developer of computer systems, reported a 76 per cent drop in pre-tax profits from I£104,000 to I£25,000 (£21,000) in the six months to end-December 1988.

This came from turnover up to £6.45m (£5.87m) and after tax of £11,000 (£20,000) earnings per 10p share were left at 0.01p (0.25p). There was an extraordinary loss of £359,000 which reflected the company's decision to dispose of Memory Computer Systems, a UK-based subsidiary which had not performed to expectations.

COMPANY NEWS IN BRIEF

AAH HOLDINGS has acquired Added Marketing for an initial cash payment of £4m plus a further sum related to future profits up to a maximum total consideration of £8m.

BRENT WALKER has purchased 500,000 of its own shares at 375p per share. This brings the cumulative purchases by the company to 3.784m ordinary. The company has also purchased 500,000 of its own cumulative convertible redeemable preference shares bringing the cumulative total to 750,000.

N BROWN GROUP is to acquire three companies operating in the mail order field, trading under the names Bury Boot & Shoe and Whitfords. The aggregate consideration is £4.64m via the issue of 2,864,815 Brown ordinary.

CARRS MILLING Industries is to merge its subsidiaries Carrs Farm Foods, Carrs Fertilisers, Oliver and Snowdon, James Reive and Sons and Thos. Edmondson into a new company to be called Carrs Agriculture.

GOLD & BASE Metal Mines, investment holding company, reported pre-tax profits of £102,500 (£72,500) in 1988 largely as a result of the increase in assets available following the rights issue in 1987. Operating income was £162,000 (£127,900). Earnings per share were 0.48p (0.46p). The dividend is maintained at 0.4p.

LEIGH INTERESTS has acquired the assets and the waste disposalbusiness of ATB Skips, a partnership based at Basildon, Essex, for £1.01m in cash.

LONDON FINANCE and Investment Group: Pre-tax profits £472,000 (£756,300) for 1988. Earnings per 5p share 1.38p (2.2p) and single final dividend 1.2p (1.1p).

NORISH is to acquire majority control (66.67 per cent) of Eirfreeze, the food storage division of Food Industries. Under a put and call option agreement, Norish can acquire the remaining 33.33 per cent after three years. Consideration will be about I£4.3m (£3.6m) in cash, shares and loan notes.

OLIVER RESOURCES profit before tax for the year to October 31 last was I£30,365 (I£1.32m loss). The company's brokers TC Coombs & Co. in London, Davy Stockbrokers and O'Brien & Toole in Dublin have placed 6m new shares of the company at a price of 44p sterling which will yield net proceeds to the company of £2,534,400 sterling. Final application is being made for admission to USM.

PICT PETROLEUM: The rights issue of 10.52m new ordinary shares was taken up in respect of 10.29m shares (97.78 per cent). The balance has been sold in the market at a premium over subscription price of 18.2p per share, to be distributed to those original allottees who did not take up their rights.

THOMAS ROBINSON has acquired Valley Fixings for a consideration of some £400,000 which has been satisfied in a mixture of cash and shares.

WAVERLEY CAMERON is to acquire RDW Advertising for a maximum consideration of £1.2m dependent on the pre-tax profit earned by RDW over the period to March 31 1992.

WEST INDUSTRIES: The rights issue relating principally to the aquisition of the Avery-Dension business has been completed. Acceptances have been received in respect of 9.01m new ordinary (91.65 per cent) of the 9.83m shares available.

UK COMPANY NEWS

Courtaulds buys US polymers stake

By Andrew Hill

COURTAULDS, the UK chemicals, textiles and industrial products group, has bought 10.5 per cent of Products Research & Chemical Corporation of the US for \$21.7m (£12.8m), to give itself a foothold in high technology polymer manufacture.

The purchase is covered by a "standstill agreement" which runs for up to ten years and gives PRC, which is quoted on the New York Stock Exchange, protection against a hostile takeover bid. Should a predator emerge, Courtaulds could step in as a white knight, using its holding as a platform for an agreed counter-bid.

Both companies intend to develop areas of mutual interest, for instance by channelling the sale of specialist polymers made by PRC through Courtaulds international distribution network.

Mr Sipko Huismans, the Courtaulds director responsible for the chemicals and industrials division, said yesterday: "We will be customers for some of those materials and polymers, and we'll develop other materials that PRC already makes, for markets to which we have access. It's basically about stepping up the technology content of products supplied to those markets."

Courtaulds' coatings operations are already involved in the application of materials produced by PRC, but the purchase of the stake gives the UK group a foothold in the manufacture of higher technology polymers for the adhesives, sealants and coatings markets.

Mr Huismans said one area of possible co-operation was in the development of marine coatings, particularly for military purposes. Courtaulds' paints division already supplies the US Navy, and could broaden its service to the international yacht market.

Christopher Hogg, chairman of Courtaulds

Markets supplied by PRC, which is based in Glendale, California, include the aerospace, defence, construction, telecommunication and power industries. In 1988 PRC earned \$8.1m on sales of \$100m.

Courtaulds is not allowed to increase its stake within ten years or sell any of its shares within five years without the agreement of the board. PRC has first refusal on the Courtaulds shares whenever they are sold.

The UK group will be released from the agreement if PRC's chairman and chief executive are removed, or another company makes an offer for or builds a large stake in PRC.

Buy-out at Tarmac subsidiary

By Charles Batchelor

A TEAM of 10 managers has staged a £36m buy-out of Norwich Corrugated Board, a manufacturer of board for packaging, from Tarmac, the construction company. Norwich was a subsidiary of Ruberoid, acquired by Tarmac in 1988, and the buy-out forms part of the £55m worth of disposals announced by Tarmac on Tuesday.

Norwich is believed to the largest independent manufacturer of board in the UK which does not also have converting capacity - the ability to cut and print the board. This gives it a key position in the board industry where other manufacturers do have converting capacity or are part of larger paper-making groups.

Norwich made an operating profit of £3.7m on turnover of £29.4m in 1988. At the year end its net assets were £8.1m.

The buy-out, which has been led by Phildrew Ventures, a venture partnership affiliated to Phillips & Drew Management, involves £20.5m worth of equity, £11.5m of bank loans and £4m of working capital.

Phildrew has underwritten all of the equity but will syndicate part of this to other investors later while National Westminster Bank has supplied the senior and revolving loans.

The management of Norwich, led by Mr Philip Foster, chief executive, has acquired a 24 per cent stake in the company though this could rise to around 30 per cent depending on the value of the company if it were to be sold or obtain a stock market listing.

News Digest

BRIXTON ESTATE

Advance to over £16m year-end

BRIXTON ESTATE, the property developer and investor, raised its profits by £2.85m to £16.16m pre-tax for the 1988 year. A final dividend of 6.25p lifts the total from 7.5p to 9.75p. A scrip issue on a one-for-one basis is also proposed.

Net rental income advanced from £25.42m to £29.23m. Investment profits amounted to £10m (£12.17m) and dealing profits to £1.16m (£1.03m).

After tax of £3.96m (£3.38m) earnings emerged at 14.82p (11.94p).

A valuation of the group's completed and let properties, both in the UK and overseas, showed a surplus over book value of £139m before allowing for differences in year-end exchange rates.

At year-end investment properties totalled £589m, a rise of £175m, or 42.3 per cent, and net assets were £393m, equal to net asset value per share of 478p, an increase of 58.3 per cent.

The directors said that in view of the uncertainties of the interest-rate market, arrangements had been entered into to fix the cost of borrowing in the UK so that 1989 profits were not sensitive to UK interest rate movements.

HATFIELD ESTATES

Surge to over £1m at midway

Hatfield Estates, the USM-quoted property developer and building contractor, saw its pre-tax profits surge from £253,000 to a little over £1m for the opening six months the 1988-89 year.

The improvement was struck on the back of £5.27m rise in turnover to £6.68m. Earnings worked through at 8.7p (2.2p) and shareholders are to receive a maiden interim dividend of 1.25p per 10p share.

Mr Bob Morton, chairman, said the building contracting division had continued to trade successfully and had concluded negotiations for contracting work totalling over £8m.

The integration of Kingham Construction, acquired in June, had been successfully completed and the company was now making its anticipated contribution to group profitability.

Hatfield Estates joined the USM in December 1987 and for the year to end-December 1988 returned profits of £2.2m from a turnover of £11.46m.

ENSIGN TRUST

Assets show 10.1% gain

Ensign Trust, in which the Merchant Navy Officers Pension Investments owns a majority stake, increased its net asset value by 10.1 per cent from 82.5p to 90.8p in the half year to March 31 1989.

Total income for the six months to end-March amounted to £6.23m (£4.6m) but revenue before tax was down from £1.85m to £1.24m due to more than doubled interest charges of £3.88m (£1.62m).

Earnings per share emerged at 0.28p (0.37p) after tax of £398,000 (£754,000). An interim dividend of 0.3p (same) has already been announced. The directors currently expect that the year's total will be increased by an amount not less than the rate of inflation — last year's total was 1.2p.

The figures do not consolidate the results of the company's subsidiaries and should not be taken as a guide to the full year.

MOLYNX HOLDINGS

Ahead of forecast

Molynx Holdings, a manufacturer of equipment for the closed circuit TV industry which is also engaged in light engineering, returned profits of £898,554 for the 1988 year on a turnover of £6.45m.

That compares with £508,770 and £3.8m respectively for 1987 and with the profits forecast of not less than £800,000 made last November at the time of the purchase of Lloret Electrical Systems.

Earnings emerged at 10.3p (8.6p) and the proposed dividend is being increased from 1.75p to 2.25p. The directors said that in future the company would pay its dividends in two instalments, starting at the interim stage next August.

SHILOH

Difficulties on spinning side

Shiloh, the holding company with interests in textile spinning, disposable products and protective clothing, reported a decrease in pre-tax profits from £1.45m to £1.24m for the year to March 25. Turnover fell from £16.33m to £15.39m.

Interest amounted to £124,000 (£27,000) and, after tax down at £427,000 (£505,000), earnings came out down at 14.33p (16.65p). Despite the downturn, the directors have recommended a final dividend of 1.5p (1.375p).

Mr ST Gartside, chairman, said that the profits were only slightly lower.

He added that the outlook for the coming year was uncertain because of continuing difficulties on the spinning side.

UK COMPANY NEWS

Shares rise on news of £3.75m acquisition

Verson beats expectations with advance to £1.66m

By Richard Tomkins, Midlands Correspondant

SHARES IN Veraon International, the group of British engineering husinesses assembled by Texan antrepreneur Mr Tim Kelleher, shot up by 6½p to 34½p yesterday as the company announced another acquisition and a better-than-expected pre-tax profit of £1.66m for the year to January 31 1989.

The company is to buy British Federal, a manufacturer of welding and production line equipment, from Laird Group for £3.75m. It will pay with a vendor placing of 12.5m new Verson shares at 28p and £250,000 in cash.

Laird is selling the business as part of a general focusing of its activities that has been going on for 18 months. It has also pnt its Metro-Cammell railway carriage and Metro-Cammell Weymann bus and taxi subsidiaries on the market.

British Federal made profits before tax and management charges of just over £1m on turnover of £10.46m in the year to December, implying an exit price/earnings multiple of 6.

Verson's increase in pre-tax profits from £927,000 to £1.66m was made on turnover up from £31.71m to £39.71m. Earnings per share rose hy 43 per cent to 2.03p (1.42p) and a final dividend of 0.4p is proposed, making 0.575p (0.83p).

The company's policy of building up an internatiooal sales network to push out the British companies' products continued with the opening of its seventh and eighth offices in Rourkela, India, and Pittsburgh, Pennsylvania. A ninth office opens in Sydney, Australia, next month.

Mr Kelleher, chairman and chief executive, said the current year had begun with order books "dramatically" above the same point last year, and he was highly confident of the near and long-term prospects.

"The purported recession in the UK would have a very minor effect on Verson because our husiness is all abont exports," he said.

● COMMENT

Gross margins dipped alarmingly et Verson because the company offared customers price discounts in return for speedier progress payments, but the pay-off came at the pre-tax level thanks to the consequent drop in interest charges. Next time the company may seek a less frightening method of presenting its accounts: meanwhile there is little else to suggest that the company's momentum is flagging. Pro-forma gearing is tolerable at around 33 per cent, exposure to the UK economy is low, orders in hand are at £40m against £23m this time last year, and Britisb Federal should add another £1m pre-tax. Eligibility for mainstream coporation tax will hinder earnings growth this year, hut not much: on present form, a possible £3.5m pre-tax should feed through to 3.5p eps, producing a prospective multiple of 10 – undemanding in spite of yesterday's rise in the share price.

Public debut for Mid Kent

By Andrew Hill

DEALINGS IN the shares of Mid Kent Holdings, the first water ntility to become a quoted pnblic limited company, should appear on Stock Exchange screens from tomorrow at the latest.

The new shares – which investors in Mid Kent Water Company were offered in exchange for their statutory company stock – were admitted to the Stock Exchange's Official List last week.

But because the new public limited company has only two marketmakers, Mid Kent was registered as a delta stock and dealings in the shares did not appear on brokers' screens, to the annoyance of its advisers.

Brown Shipley, Mid Kent's merchant bank, said yesterday that dealings in tbe shares could appear among transport and freight stocks – alongside mighty corporate names like Britisb Airways and P&O – but the Stock Exchange said Mid Kent was more likely to have its own category.

The group, which wants to diversify from its traditional activity of water supply, had hoped for a listing with general industrial companies.

By the end of the year, Mid Kent should be joined on the stock excbange screen by many of its rival statutory companies, and the 10 water authorities.

Tbe bill to privatise tbe authorities also allows the 29 UK water companies to convert into public limited companies, shedding dividend and voting restrictions.

Since last summer, 14 of the statutory companies bave become subsidiaries of larger groups, notably three Frencb water snppliers. Mid Kent Water Company still exists, but as a subsidiary of Mid Kent Holdings.

Goldman lifts stake in Gateway

By Nikki Tait

THE UK-BASED securities arm of Goldman Sachs, the US investment bouse, yesterday announced the purchase of a further 2.5m shares in Gateway, the UK food retailer which is subject to a hostile £1.73bn bid from a newly-formed, institutionally-backed company called Isosceles.

This takes the Goldman holding to 12.4m shares, or 1.39 per cent of Gateway's equity.

The shares were bought at prices ranging from 191.5p to 192.5p a share – below Isosceles's 195p cash offer.

Yesterday, from New York, Goldman said tbat tbe increased bolding was part of its "normal risk arbitrage" activities.

Melville expands into Europe with Dutch buy

By David Waller

MELVILLE GROUP, the exhibition contractor whicb claims to the largest operator in its field in the UK, is making its first European acquisition with the purchase of Gielissen, a Dutch supplier of exhibition stands, for Fl 10.47m (£2.84m), plus the repayment of debts totalling Fl 2.95m (£840,000).

Gielessen – currently a subsidiary of the Transport Development Group – is based in Eindhoven. Pre-tax profits for the year to the end of September 1988 were Fl 640,000 (£179,000) after one-off relocation costs of Fl 925,000. Net assets at the year end amounted to Fl 500,000.

Airsprung makes £3.4m purchase

Airsprung Group, USM-quoted furniture maker, has acquired Bymacks for £3.4m in cash, paid on completion from the company's resources.

Bymacks makes three piece suites and bed settees. For 1988 its pre-tax profits were £437,000 on turnover of £8.71m. Net assets at December 31 were £756,500.

Baird acquisition

William Baird, textiles and engineering group, has acquired RB Adda Systems of Hull, a maker and distributor of prefabricated huildings, for £2m in casb and shares.

Furtber consideration is profit-related. For the year to June 1988 Adda's pre-tax profit was £340,000. Net assets acquired on completion amounted to about £400,000.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985 = 100); engineering orders (£ billion); retail sales volume (1980 = 100); retail sales value (1980 = 100); registered unemployment (excluding school leevers) and unfilled vacancies (000s). All esasonally adjusted.

	Indl. prod.	Mfg. output	Eng order	Retail vol.	Retail value	Unem-ployed	Vacs.
1987							
4th qtr.	107.9	109.4	29.1	183.3	210.5	2,858	262.1
1988							
1st qtr.	107.0	110.6	31.1	135.3	173.3	2,486	249.9
2nd qtr	109.2	112.3	31.2	137.0	181.1	2,364	255.2
3rd qtr.	110.7	110.0	32.0	139.2	188.2	2,226	244.3
4th qtr.	119.6	117.2	33.1	140.0	229.0	2,101	244.9
May	109.3	112.3	31.3	137.7	180.5	2,364	254.5
June	109.9	113.0	31.2	137.0	182.3	2,324	255.1
July	110.6	115.6	31.7	140.0	191.4	2,267	249.7
August	110.4	115.9	32.1	139.5	187.7	2,228	242.8
September	111.0	116.6	32.0	138.4	185.0	2,192	240.3
October	110.5	116.7	32.4	141.2	198.7	2,158	251.2
November	111.0	117.0	33.0	140.4	210.0	2,105	245.2
December	110.5	117.0	33.1	140.0	272.2	2,837	238.3
1989							
January	109.3	118.5	32.9	137.4	184.1	1,988	229.2
February	109.0	117.3		141.7	183.0	1,940	228.1
March				141.7		1,910	222.0

OUTPUT- By market sector; consumer goods, invesunent goods, intermediate goods (materials and luels); engineering output, metal manufacture, textiles, leather and clothing (1985 = 100), housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd goods	Eng. output	Metal mnfg.	Textile etc.	Housg starts*
1987							
4th qtr.	108.9	106.8	107.9	107.4	112.7	103.4	17.0
1988							
1st qtr.	109.5	106.7	107.7	107.1	117.0	103.9	20.2
2nd qtr	111.0	108.1	108.7	109.7	120.3	181.0	22.3
3rd qtr	113.6	114.1	108.2	114.9	123.7	102.2	20.4
4th qtr	114.0	118.0	107.0	110.3	123.1	102.6	18.4
May	112.7	108.3	106.8	109.0	119.0	102.0	22.3
June	111.8	111.0	108.7	112.0	119.0	101.0	23.5
July	113.5	112.8	108.5	114.0	124.0	104.0	20.6
August	113.0	114.0	108.1	116.0	126.0	102.0	20.5
Sept.	114.4	115.4	100.1	110.0	120.0	101.0	20.1
October	114.1	110.7	107.2	116.0	127.0	182.0	19.6
November	115.4	115.9	107.4	117.0	119.0	102.0	21.4
December	115.2	116.5	106.3	110.0	124.0	104.0	14.1
1989							
January	116.2	116.2	104.0	116.6	133.0	181.0	18.4
February	116.4	115.7	103.5	115.0	125.0	102.0	18.5

EXTERNAL TRADE- Indices of expon and import volume (1985 = 100); visible balance; current balance (£m); oil balanca (£m); terms of treda (1985 = 100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1987							
4th qtr.	111.0	120.8	-3,280	-1,968	+1,073	97.0	44.33
1988							
1st qtr.	106.2	116.5	-4,020	-3,001	+730	97.0	44.64
2nd qtr	111.4	127.7	-4,538	-2,744	+815	98.7	40.52
3rd qtr	109.3	133.7	-5,696	-3,438	+460	99.3	50.48
4th qtr.	100.6	135.0	-6,304	-5,483	+340	98.0	51.69
April	110.7	126.0	-1,237	-824	+271	98.2	47.86
May	109.2	127.2	-1,713	-1,038	+269	98.9	48.53
June	114.3	130.0	-1,572	-910	+275	99.0	48.52
July	107.0	141.0	-2,556	-1,813	+110	98.8	49.83
August	108.8	127.8	-1,657	-905	+177	100.0	50.84
September	114.1	131.0	-1,473	-720	+104	99.1	50.48
October	103.7	139.6	-2,658	-2,382	+67	97.8	50.05
November	107.1	131.5	-1,866	-1,812	+132	97.6	51.04
December	109.1	133.8	-1,763	-1,489	+141	98.7	51.69
1989							
January	114.5	146.1	-2,099	-1,589	+103	100.3	51.71
February	104.8	138.9	-2,196	-1,696	-18	100.0	51.68
March	113.8	138.9	-1,690	-1,190	+107	100.3	50.46

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1987							
4th qtr.	4.9	22.2	22.9	+11,202	3,007	+946	8.50
1988							
1st qtr.	5.2	20.8	20.8	+12,903	3,051	+965	8.50
2nd qtr	6.6	18.6	20.4	+15,343	4,173	+1,105	9.50
3rd qtr.	7.7	17.3	22.7	+15,740	3,162	+1,092	11.50
4th qtr.	7.7	14.3	20.5	+13,379	3,168	+873	12.70
May	5.4	20.0	16.6	+3,798	1,358	+363	7.50
June	7.3	18.5	20.4	+5,148	1,239	+429	9.50
July	6.6	18.1	21.1	+6,152	1,362	+345	10.50
August	7.6	15.8	20.6	+3,374	1,179	+471	12.00
September	8.5	17.3	22.7	+5,679	821	+276	12.00
October	7.7	13.7	19.9	+4,233	1,583	+186	12.00
November	7.7	11.7	20.8	+3,761	766	+392	13.00
December	7.7	14.3	20.5	+6,199	819	+295	13.00
1989							
January	7.2	11.4	21.3	+5,560	784	+224	13.00
February	6.6	13.6	22.2	+2,268		+264	13.00
March							13.00

INFLATION-Indices of earnings (1985 = 100); basic materials and fuels; wholesale prices of manufactured products (1985 = 100); retail prices and food prices (Jan 1987 = 100); Reuters commodity index (Sept 1931 = 100); trade weighted value of sterling (1975 = 100)

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods	Reuters* cmdty.	Sterling
1987							
4th qtr.	120.5	96.4	109.8	103.2	101.7	1,683	74.9
1988							
1st qtr.	121.6	96.9	111.6	103.7	103.5	1,747	75.3
2nd qtr	124.8	97.6	112.6	106.2	104.8	1,817	77.8
3rd qtr.	127.8	98.6	113.9	108.6	104.7	1,902	75.9
4th qtr.	131.9	100.1	115.2	109.9	105.7	1,887	77.5
June	125.5	99.5	113.0	106.6	104.8	1,936	78.3
July	128.3	99.4	113.8	106.7	104.0	1,970	75.8
August	126.8	98.6	113.9	107.9	104.4	1,863	76.5
September	127.3	98.2	114.3	108.4	104.8	1,873	75.5
October	128.9	98.0	114.9	109.5	104.9	1,874	76.3
November	131.2	99.8	115.2	110.0	105.7	1,898	77.1
December	135.7	102.5	110.4	110.3	106.5	1,921	79.0
1989							
January	131.8	104.0	116.4	111.0	107.4	1,969	97.9
February	132.0	101.9	116.8	111.6	107.7	1,954	97.4
March		101.0	117.2	112.3	108.3	1,998	95.9

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

COMMODITIES AND AGRICULTURE

Saudis counter Kuwaiti Opec share proposals

By Steven Butler

KING FAHD of Saudi Arabia has said that increases in production by members of the Organisation of Petroleum Exporting Countries should be shared among members according to their current share of total Opec production.

The remarks appear to be a rebuff to Sheikh Ali Khalifah Al-Sabah, the Kuwait oil minister, who has suggested that Kuwait and the United Arab Emirates share the bulk of any increases.

Speaking prior to a meeting of the Gulf Cooperation Council in Riyadh, King Fahd also cautioned against any hasty decision by Opec to increase production. He said Opec decisions should not have a negative effect on world oil prices.

The king's remarks, which were quoted in Saudi newspapers, go a step further toward setting the stage for the Opec ministerial conference, due to begin on June 5. The conference will consider proposals to increase the Opec production ceiling in response to the recent strength of oil prices.

Several Opec members are attempting to strengthen their positions either for defending or increasing their quota shares. This has increased expectations that the meeting could turn out to be contentious.

However the king's remarks were seen by some as decreasing chances that disagreements between Opec members would come to a boil at the June meeting, and that instead the oil producers would do what they could to avoid upsetting markets.

"No one will be prepared to upset the apple cart," said Mr Phillip Morgan, an oil analyst at Citicorp. Mr Morgan believes instead that contentious issues may be put off until a meeting later this year likely to be held in November or December.

Oil prices have risen sharply following a spate of production problems in the North Sea and in Alaska. Stronger-than-expected demand has also underpinned prices, although analysts disagree about both supply and demand figures as well as projections of future trends.

Many analysts believe that Opec has enjoyed high oil prices this year only because of luck, in which serious over production by Opec has been counteracted by unexpected supply problems hitting non-Opec producers.

Although a more bullish consensus has emerged among many analysts, Mr John Toalster, of Hoare Govett believes the current strength of oil prices is precarious.

"We've got a very soft underbelly in the oil market for an extended period of time," he said.

Mr Toalster does not accept the high estimates for underlying growth of oil demand that many have proffered, and believes that instead a number of one-off events, such as shutdowns of nuclear reactors in France, account for the recent strength.

He also disputes a growing concensus that Opec has learned from previous price collapses and is now more pragmatic. Instead, he says, Opec countries are positioning themselves for future battles over quota shares, and it is only a question of time before a production war breaks out as part of an effort to claim a bigger market share.

King Fahd – remarks seen as a rebuff to Kuwait

Government criticised on farm research

By Bridget Bloom

BRITAIN'S farming organisations have criticised the Government's continuing lack of a clear strategy on agricultural research following the decision a year ago to *cut a further £30m from the farm research budget*.

In three meetings held with Ministry of Agriculture officials over the last few days, delegates from the National Farmers Union, from the Home Grown Cereals Authority and other bodies representing producers have called on the Government to review and define its strategy.

An independent review would help farmers decide how *and to what extent they* could increase their own research funding in response to the Government's demand that industry should take up projects, defined as "near-market," that the Government was proposing to abandon, the *NFU* said yesterday.

Mr Chris French, deputy NFU President, said it was impossible for the agricultural industry to make sensible decisions about its research priorities and the level of funding without knowing well before hand and in detail what the Government intended to do for several years ahead.

The proposed cuts in the £148m farm research budget, which come on top of cuts of some £65m since 1985, are part of an economy-wide drive by Government to rationalise officially funded research and development.

However, agriculture has been the first department to be subjected to such detailed cuts. A series of meetings between agricultural industry representatives and government officials over the last 10 months has failed to produce an agreed programme which might be transferred from government to industry.

In late March, Lady Trumpington, junior agriculture minister who has been in charge of the exercise, gave industry two months to decide what projects it wanted to fund. These range from several experimental horticultural and farm stations to programmes for the development of disease resistant seeds.

UK to test pilot nitrate protection zones

By Bridget Bloom, Agriculture Correspondent

BRITAIN is to establish special nitrate protection zones on an experimental basis in advance of a requirement to do so under a European Community directive.

The zones, which will be established in areas where nitrate concentrations in drinking water are at or near the maximum levels established by the EC, will be voluntary in the first instance, and farmers having to cut back on the use of fertiliser will be compensated financially.

Mr Julian Anderson, under secretary in charge of land and environmental affairs in the Ministry of Agriculture, told a parliamentary select committee yesterday that the protection zones would be drawn up in association with the water authorities and the National Rivers Authority. The NRA is the new regulatory body being created by the privatisation of Britain's water supplies.

The pilot schemes would be the subject of extensive consultation with some 150 interested parties, as well as an "intensive advisory campaign in selected key areas," Mr Anderson told the House of Lords Committee on the European Communities.

However, neither Mr Anderson nor his officials would be drawn on the precise location or number of the pilot "nitrate sensitive areas," nor on the likely restrictions on nitrate use and the consequent effect on farmers.

More of these details would be revealed next month, when amendments would be tabled to the Water Bill in committee stage in the Lords, Mr Anderson said. This would be rapidly followed by a consultation paper setting out the government's plans in detail.

Mr Anderson was giving evidence to the Committee's inquiry into a draft European Commission directive requiring the establishment of nitrate protection zones in member states. Although the *directive is before the EC council of ministers*, it requires unanimous approval and is likely to be toughly negotiated. It is unlikely to come into effect for at least a year.

In a joint memorandum to the Lords Committee the agriculture ministry and the Department of the Environment labelled the directive unreasonable and inflexible.

While Britain welcomed the Commission's initiative in seeking a Community-wide policy on nitrates, the directive was potentially too sweeping. In a "worst case scenario" it could result in restrictive protection zones being established over the great bulk of arable land in Britain, the memo said.

Britain's intention to set up pilot protection zones was signalled at the end of last month by Mr John MacGregor, the Minister of Agriculture, who said that wherever possible, restrictions should be voluntary, with compulsory powers available as a fall back.

While a number of EC member states have tougher controls on pollution from animal *manure* and slurry than Britain, Germany has gone further so far in setting up pilot protection zones.

Yesterday, officials said the Government felt such experimental zones would test the sort of restrictive measures necessary to make controls on nitrates effective.

Mr Anderson told the Committee that reducing nitrate levels to the 50mg per litre limit in drinking water sources prescribed by the EC was much more complex than simply reducing the application of fertiliser by 15 or 20 per cent.

Chemical fertilisers were by no means the only cause of nitrate pollution of ground or surface water. Animal manure and ploughing up grassland were equally important.

It was also important to note that changes in cultural practices over the past few years – including a significant reduction in the autumn use of fertilisers and earlier autumn planting of cereals – seemed to be having an effect.

Officials told the Committee that nitrate levels in rivers and underground aquifers (reservoirs), in Lincolnshire and Cambridgeshire had been broadly stable for the last three years, against the trend of earlier predictions.

Crisis for Egypt's King Cotton

Tony Walker on Government efforts to stimulate farmers' interest

IT WAS not so long ago that cotton was king in Egypt. The extra long staple variety of Egyptian cotton exported in large quantities and considered the best in the world was the country's main foreign exchange earner.

High prices gave Egyptian farmers real incentives to maintain both the quality and quantity of production.

The nationalisations and sequestrations of the 1960s changed dramatically, however, the complexion of a successful industry.

The accompanying table tells a depressing story of an almost uninterrupted slide over the past decade – continuing a pattern established in the 1960s and 1970s – in cotton yields, overall production and quantities available for export. The direct correlation between low officially regulated returns to farmers and the sector's poor performance is obvious.

This year, the authorities appear, belatedly, to have recognised they have something of a crisis on their hands after a disastrous 1988.

On March 1, the cotton procurement price was raised 34 per cent to about E£197 (US$80.00) per kantar (one kantar equals about 50kg) and a publicity campaign was launched to persuade farmers to plant their crops on time in order to ensure good yields.

One of the reasons advanced for the bad results in 1988 was that farmers delayed planting because they were receiving excellent returns for berseem clover which precedes cotton in 90 per cent of the fields under Egypt's system of crop rotation.

EGYPTIAN COTTON PRODUCTION				
Crop year	Area ('000 feddans)	Yield (kantars per feddan)	Prod (m kantars)	Exports (m kantars)
1980	1,245	8.50	10.57	3.24
1981	1,178	8.47	9.98	3.47
1982	1,088	8.84	9.21	3.61
1983	998	8.02	8.00	3.33
1984	984	8.12	7.98	3.04
1985	1,081	8.06	8.71	3.00
1986	1,055	7.64	8.06	2.43
1987	980	7.15	7.01	1.76
1988	1,013	6.11	6.19	1.25
1991*	1,180	8.97	10.58	

*(5-YR PLAN)

Berseem, a stock-feed rather like lucerne, is not subject to price controls. Bad weather, including blistering mid-season heat and a cold and wet harvest contributed to the poor yield. Added to that was the apparent increasing lack of enthusiasm among cotton farmers for what is known among the peasants as the "government crop."

One hundred per cent of the sugar and cotton crops, and 50 per cent of the rice harvest are "acquired" by the Government at controlled prices that in the case of Egypt's premium long-staple cotton reached about 25 per cent of the world price.

The Government, mindful of the farmers' lack of enthusiasm for cotton these days, has, apart from raising the procurement price, offered further incentives such as a premium payment for prompt compliance with the campaign to improve cotton yields. Penalties for non-compliance such as the withholding of subsidised fertiliser and pesticides are also being introduced.

Agricultural experts doubt that the jump in the procurement price will provide a sufficient incentive for farmers to dramatically increase production.

The best the Government can hope for, they say, is to stabilise production at around the 1987 level of 7m kantars which was down by about 13 per cent on the previous year.

Dr Hassan Khedr, an under-secretary in Egypt's agriculture ministry, said that while it was impossible to predict what impact the increase in the official procurement price might have on production it should be noted that Egyptian farmers benefited from heavily subsidised inputs. Farmers paid about E£18 for pesticides per feddan (about an acre) against the actual cost of some E£160 per feddan.

Dr Khedr estimated that the 34 per cent March 1 price increase would mean a net gain to cotton farmers of about E£400 per feddan. Even taking into account subsidised inputs, however, this represents at best a return to farmers of about 35 per cent of the world price.

Dr Shamel Abaza, the President of the Alexandria Cotton Exporters Association, believes that the system designed to provide consumers with low-cost fabrics – three-quarters of subsidised production is earmarked for local mills – makes no sense for a country starved of foreign exchange.

Dr Abaza, whose organisation comprises nationalised cotton marketing companies, commented recently that "such low prices which are designed to subsidise the domestic spinning mills are reflecting adversely on inland buying prices to the detriment of cultivators."

Representatives of cotton marketing organisations are particularly concerned that Egypt, because of the continued reduction in amounts of premium extra long staple available for export, may be losing its position as the preeminent supplier of quality cotton to the world market.

Amounts available for export in 1988 dropped by almost 30 per cent to 1.2m kantars compared with the year before. Little recovery is expected this year. In spite of these gloomy forecasts, however, the Government appears reluctant to risk annoying Egypt's hard-pressed consumers by raising prices.

Dr Atef Sedki, Egypt's Prime Minister, told Parliament recently in a debate about worrying trends in the country's cotton production that prices should be raised to "reach the real market price, but that should be done very gradually." Until that happens cotton production is likely to remain flat.

Fishing contract signed by Peru will be scrapped

By Veronica Baruffati in Lima

THE controversial fishing contract signed between the Peruvian government and the governments of Cuba and the Soviet Union is to be annulled, according to Mr Romulo Leon Alegria, Peruvian Fisheries Minister.

Mr Leon blamed the deluge of criticism from all sectors of the opposition and even the nation's General Inspectorate for causing the Cubans and Soviets to leave Peruvian waters.

By losing these two important contracts, "Peru will no longer receive the 100,000 tonnes of frozen fish needed to feed large sectors of the Peruvian population," said Mr Leon.

Mr Leon has vigorously supported the fishing contract with these two countries because, he maintains, they are the only countries equipped to fish in the high seas and willing to fish cheaper varieties. At the time of the signing of the contract, the National Fishing Society accused the Government of giving the Cubans and the Soviets preferential treatment.

Fresh speculation over sugar trading strategy

By David Blackwell

THE UNCERTAINTY surrounding the likely take-up tomorrow of deliveries against May sugar futures contracts raises fresh speculation about the trading strategies of Cuba and the Soviet Union, according to the latest Sugar Review from Czarnikow, the London trade house.

"Apart from the total tonnages which may be traded on both sides, the impact on the market can also vary depending on the extent to which Cuba is able to channel shipments via the world market at the expense of trade agreement deliveries," says the report.

A large open position remains on May futures contracts in both London and New York.

Czarnikow believes that "some 1m tonnes will be taken up by one French trade house closely involved in trade with Cuba and the USSR."

Last week Sucré et Denrees let it be known in the markets that it would be taking delivery of its open positions.

Czarnikow points out that suggestions that Cuba might defer export commitments could be seen in an optimistic or pessimistic light, as could the size of both the Cuban crop and Soviet requirements.

Indonesia plans to re-open tin mines

INDONESIA, hoping to cash in on the current tin price surge, said it will re-open tin mines in Belitung Island and boost exploration of nearby offshore areas, Reuter reports from Jakarta.

Sujatmiko, president-director of state tin mine PT Tambang Timah, said: "We will re-open our tin mines in Belitung island as current price levels make it profitable to produce tin."

Mining on Belitung, just east of Indonesia's main tin producing island of Bangka, was halted as part of efficiency measures following the 1985 tin crash.

Sujatmiko said Indonesia would stick to its export quota of 31,500 tonnes in 1989-90 as agreed with the Association of Tin Producing Countries (ATPC).

He said export quotas were set to cut overhanging stocks but it is up to individual producers to decide whether to release their stocks on to the market.

Mines and Energy Minister Ginanjar Kartasasmita said last week the country's stocks were around 2,500 tonnes.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA prices closed yesterday at the lowest levels for almost seven months as a French trade house sold nearby positions. The July contract finished £15 down at £746 a tonne after recovering from a day's trading low of £739. Dealers said the market was confused as the same trade house had been a buyer on Tuesday. "Nobody quite knows whether this is based on physical activity or not...there seems to be a lot of technical trading going on," one commented. In contrast, coffee prices jumped on news of an indefinite dock strike in Brazil and a firm dollar. But gains were tempered when New York arabica prices failed to rise as much as expected on the Brazilian news. On the LME, nickel prices fell below $15,000 a tonne in the morning on influential merchant selling.

SPOT MARKETS

		+ or -
Crude oil (per barrel FOB)		
Dubai	$10.20-7.30q	-0.50
Brent Blend	$19.15-9.95z	-.475
W.T.I. (1 pm est)	$21.03-1.08q	-0.25
Oil products		
(NWE prompt delivery per tonne CIF)		
Premium Gasoline	$294-296	+2
Gas Oil	$158-160	
Heavy Fuel Oil	$97-100	
Naphtha	$185-187	+2
Petroleum Argus Estimates		
Other		
Gold (per troy oz)♣	$384.0	-1.5
Silver (per troy oz)♣	578c	-4
Platinum (per troy oz)	$548.00	+2.75
Palladium (per troy oz)	$168.85	-0.00
Aluminium (free market)	$2205	-70
Copper (US Producer)	145¾-148½c	+¾
Lead (US Producer)	37.5c	
Nickel (free market)	670c	-35
Tin (European free market)	$10645	-40
Tin (Kuala Lumpur market)	26.20r	+0.21
Tin (New York)	485.75c	-2.00
Zinc (US Prime Western)	07¾c	
Cattle (live weight)†	120.18p	+4.13*
Sheep (dead weight)†	284.49p	+15.0*
Pigs (live weight)†	88.04p	+2.87*
London daily sugar (raw)	$307u	-3
London daily sugar (white)	$340.5u	-1.0
Tate and Lyle export price	292.5	-1.5
Barley (English feed)	£104w	
Maize (US No. 3 yellow)	£134	
Wheat (US Dark Northern)	£125.75x	
Rubber (spot)♥	68.00p	-0.25
Rubber (Jun)♥	66.50p	-0.25
Rubber (Jul)♥	66.75p	-0.25
Rubber (KL RSS No 1 May)	296m	-1
Coconut oil (Philippines)§	$560u	
Palm Oil (Malaysian)§	$397.5q	
Copra (Philippines)§	$350	
Soyabeans (US)	$199.5x	
Cotton "A" index	75c	
Woolltops (64s Super)	620p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/Jun. u-May/Jun. q-Jun. x-Apr/May. w-Aug. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
May	727	744	746	724
Jul	746	761	763	739
Sep	760	778	770	754
Dec	802	817	810	798
Mar	797	809	810	789
May	800	812	812	790
Jul	811	821	810	807

Turnover: 11189 (5332) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Apr 25: 981.27 (975.14); 10 day average for Apr 26: 984.92 (987.83)

COFFEE £/tonne

	Close	Previous	High/Low	
May	1189	1168	1189	1170
Jly	1138	1112	1138	1112
Sep	1093	1077	1097	1085
Nov	1088	1060	1077	1060
Jan	1065	1054	1064	1063
Mar	1060	1050	1060	1055
May	1060	1058	1064	

Turnover: 5601 (3660) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Apr 25: Comp. daily 119.84 (119.53). 15 day average 117.75 (117.52)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
May	267.00	273.40	274.40	267.00
Aug	270.20	277.40	276.20	268.60
Oct	269.00	275.60	275.00	268.60
Dec	269.00	275.00	270.00	
Mar	262.20	267.40	265.00	265.00
May	261.00	265.80	260.00	
White	**Close**	**Previous**	**High/Low**	
Aug	333.00	337.00	336.50	333.00
Oct	323.00	327.00	326.00	323.50
Dec	320.00	322.00		
Mar	312.00	318.00	314.00	

Turnover: Raw 8955 (3605) lots of 50 tonnes. White 420 (964).

Paris- White (FFr per tonne): Aug 2120, Oct 2055, Dec 2110, Mar 1975, May 1985, Aug 1980.

CRUDE OIL $/barrel

	Close	Previous	High/Low	
Jun	18.24	19.30	19.63	18.28
Jul	18.10	18.39	18.50	18.00
Aug	17.39	17.65	17.78	17.54
IPE Index	19.27	19.56		

Turnover: 6058 (5370)

GAS OIL $/tonne

	Close	Previous	High/Low	
May	156.50	155.50	157.25	155.25
Jun	151.50	151.75	153.50	151.25
Jul	150.75	150.50	151.75	149.50
Aug	150.25	151.00	152.25	150.25
Sep	151.75	153.00	153.50	149.25
Oct	153.25	155.00		
Nov	154.00	155.50	155.00	153.00
Dec	156.50	156.75	157.50	156.00

Turnover: 8193 (5404) lots of 100 tonnes

WOOL

The market is interested in whether Australian wool prices will stay as close to the floor level as applied last week, but no wool sales are held there until next week. There does meanwhile seem to have been more buying of merchanted wool at these levels. The opportunity of buying more cheaply depends on exchange rates and the element of wool market risk is much reduced. The Australian dollar is thus closely watched. A little weaker against sterling over the weekend, it subsequently strengthened in alignment with the US dollar. Trading is very competitive and there is widespread below-capacity working.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 11,800 tonne
Cash	2220-50	2280-5		2200-5		
3 months	2130-5	2155-8	2140/2115	2110-5	2126-30	32,981 lots
Copper, Grade A (£ per tonne)						Ring turnover 26,925 tonne
Cash	1616-8	1600-5	1616/1790	1797-9		
3 months	1774-5	1752-4	1779/1754	1759-60	1779-80	86,566 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	574-7	577-8		574-5		
30 June	584-7	587-9		583-5		361 lots
Lead (£ per tonne)						Ring turnover 11,300 tonne
Cash	387-8	385.5-6	387	388-9		
3 months	367-7.5	365.5-6	368/367	367-8	367-8	9,920 lots
Nickel ($ per tonne)						Ring turnover 2,352 tonne
Cash	15250-330	15700-50	15000	14800-900		
3 months	15100-50	15600-600	15400/14800	14750-800	15000-100	7,483 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 9,850 tonne
Cash	1638-40	1677-80	1642/1635	1630-5		
3 months	1611-20	1630-8	1620/1610	1605-10	1010-20	10,287 lots
Zinc ($ per tonne)						Ring turnover 11,150 tonne
Cash	1615-20	1645-50		1610-20		
3 months	1588-50	1580-5	1583/1555	1558-60	1565-8	12,336 lots

POTATOES £/tonne

	Close	Previous	High/Low	
May	135.0	135.0	137.0	129.8
Nov	91.5	91.5		
Feb	100.0	99.0		
Apr	137.9	138.3	139.0	137.5

Turnover 130 (301) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Jun	157.00	154.50	158.00	154.00
Aug	152.00	150.50	151.00	150.00
Oct	151.00	150.00	149.50	
Dec	150.00	152.50		

Turnover 224 (137) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Apr	1625	1621	1625	1620
May	1595	1613	1625	1612
Jul	1400	1390	1400	1390
Oct	1480	1470	1488	1488
Jan	1576	1550	1575	
BFI	1622	1621		

Turnover 319 (204)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
May	117.60	118.00	117.70	117.00
Jun	118.40	118.90	119.70	119.00
Sep	102.00	102.40	102.20	102.00
Nov	107.78	107.60	107.95	107.65
Jan	110.75		110.90	110.75
Mar	113.90		113.90	
May	117.30		117.30	
Barley	**Close**	**Previous**	**High/Low**	
May	108.40	108.25	108.75	108.25
Sep	103.00	102.90	103.25	103.00
Nov	106.00	106.00	106.25	106.00
Jan	109.15	109.15	109.15	109.10
Mar	111.65	111.65	111.65	111.60

Turnover: Wheat 365 (201), Barley 101 (86). Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	107.5	107.5	107.8
Aug	105.0	105.0	104.8
Oct	109.0	109.3	109.0

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	383¾-384¼	227-227½
Opening	384-384½	226¾-226¾
Morning fix	384.4	226.517
Afternoon fix	383.85	226.861
Day's high	385-385½	
Day's low	383¾-383¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	395-400	233½-236½
Britannia	395-400	233½-236½
US Eagle	395-400	233½-236½
Angel	395-400	233½-236½
Krugerrand	382½-385½	226-229
New Sov.	90-91	53¼-54
Old Sov.	90-91	53¼-54
Noble Plat	551.75-561	325.4-330.85
Silver fix	**p/fine oz**	**US cts equiv**
Spot	340.35	577.75
3 months	351.55	592.55
6 months	360.50	607.20
12 months	395.75	639.60

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls			Puts	
Strike price $ tonne	May	Jul	May	Jul	
2100	135	180	2	72	
2200	67	109	21	119	
2300	14	70	78	178	
Copper (Grade A)	**Calls**			**Puts**	
2900	185	155	2	88	
3100	37	92	53	192	
3300	1	39	216	335	

LONDON FOX TRADED OPTIONS

Sugar No. 0	Calls			Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct	
270	15.65	25.95	15.85	26.95	
280	12.45	23.05	23.45	34.05	
290	9.85	28.85	32.89	41.65	
Coffee	**Jul**	**Sep**	**Jul**	**Sep**	
1000	141	114	3	22	
1050	98	80	11	35	
1100	64	54	26	62	
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**	
700	56	76	10	16	
750	26	46	30	39	

US MARKETS

IN THE METALS, gold and silver trading was quiet with prices closing slightly lower, reports Drexel Burnham Lambert. Copper futures gained on late-day fund short covering. Buy-stops rallied the platinum over 8 dollars. In the softs, prices fell in all markets. Sugar was pressured by local selling and lack of fresh buying. Speculative selling weakened cocoa prices as the May contract lost 45 in heavy volume. Long liquidation sank the coffee as prices dipped below Tuesdays lows. The livestocks had pork bellies rally on increased slicer interest along with buy-stops helping to add strength. Increased packer demand kept hog prices steady. Cattle futures had a mixed day. In the grains, the soybean complex rose as trade focused on Brazilian port strikes. Corn was supported by the Soviet/US negotiations America. Wheat prices slipped as the Egyptian tender deal failed to take place. May wheat closed down $3\frac{1}{2}$ cents.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	365.3	385.7	366.2	364.8
May	385.4	386.0	0	0
Jun	388.2	388.8	389.0	387.1
Aug	392.8	393.3	393.3	391.2
Oct	397.8	398.8	398.5	397.2
Dec	403.0	403.8	403.5	401.8
Feb	408.2	409.2	407.5	407.5
Apr	413.0	414.5	0	0
Jun	418.9	419.9	420.0	420.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	557.3	549.3	560.0	551.0
Oct	555.3	546.3	556.5	549.0
Jan	555.3	546.3	555.0	555.0
Apr	557.3	548.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	576.3	578.9	577.0	577.0
May	576.3	579.5	579.0	575.0
Jun	581.5	584.8	0	0
Jul	587.4	590.7	590.0	586.0
Sep	598.2	601.5	602.0	598.0
Dec	613.7	917.3	618.0	613.0
Jan	618.7	622.3	0	0
Mar	628.9	632.5	631.0	628.0
May	639.3	642.9	642.0	642.0
Jul	649.9	653.5	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	139.10	138.75	139.10	138.20
May	139.00	138.30	139.20	136.80
Jun	137.20	136.85	0	0
Jul	135.40	135.40	135.50	134.20
Sep	130.40	130.60	130.40	129.00
Dec	124.40	124.00	125.00	123.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	21.11	21.41	21.60	21.01
Jul	19.55	19.86	19.96	19.42
Aug	18.57	18.99	19.04	18.55
Sep	18.10	18.43	18.48	18.10
Oct	17.79	18.04	18.06	17.74
Nov	17.60	17.76	17.80	17.60
Dec	17.45	17.58	17.60	17.40
Jan	17.21	17.31	17.33	17.21
Mar	16.86	17.01	17.10	16.86

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	0160	5208	5270	5145
Jun	5010	5075	5130	4965
Jul	4935	5001	5060	4910
Aug	4950	5010	5065	4930
Sep	4990	5055	0110	4960
Oct	5050	5110	0160	5050
Nov	0150	5165	5220	5140
Dec	0175	5220	5225	5168
Jan	0190	5245	5190	0190

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1275	1320	1300	1275
Jul	1210	1240	1225	1210
Sep	1206	1230	1210	1202
Dec	1215	1239	1222	1213
Mar	1213	1237	1224	1210
May	1228	1247	1227	1221
Jul	1215	1240	1228	1210
Sep	1258	1272	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	140.62	141.82	143.20	140.00
Jul	133.69	135.63	137.40	132.50
Sep	127.16	129.32	130.75	126.00
Dec	123.31	125.50	126.65	123.25
Mar	121.33	123.00	124.00	121.00
May	119.88	122.75	123.50	123.50
Jul	120.63	123.50	0	0
Sep	117.13	120.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.21	12.50	12.50	12.15
Jul	12.17	12.47	12.45	12.15
Oct	12.06	12.34	12.30	12.05
Jan	11.72	12.00	0	0
Mar	11.71	11.98	11.94	11.70
May	11.65	11.97	11.93	11.92
Jul	11.63	11.93	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	64.15	64.96	64.90	64.11
Jul	65.10	65.84	65.99	65.01
Oct	65.65	66.10	66.30	65.65
Dec	65.10	65.46	65.65	65.05
Mar	66.00	65.90	66.25	66.00
May	66.26	66.30	66.52	66.30
Jul	66.90	66.50	66.90	66.90

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	175.10	174.00	175.00	173.60
Jul	179.00	178.35	179.60	177.35
Sep	175.45	174.75	175.45	174.25
Nov	163.50	162.25	163.50	162.25
Jan	159.35	158.15	159.40	158.50
Mar	158.90	157.75	158.00	158.00
May	158.75	157.60	0	0
Jul	158.75	157.60	0	0
Sep	158.75	157.60	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 25	Apr 24	mnth ago	yr ago
2028.7	2093.1	2003.1	1749.7

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	137.61	138.18	137.57	128.07
Futures	139.27	139.41	139.12	132.02

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	740/4	732/4	741/0	734/4
Jul	742/0	736/2	743/6	736/0
Aug	737/6	732/4	740/0	733/4
Sep	720/2	716/2	724/0	716/0
Nov	710/4	707/4	714/4	705/4
Jan	719/0	716/6	723/0	715/0
Mar	729/0	725/0	731/4	722/0
May	733/0	729/0	735/0	728/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	23.10	22.88	23.27	22.97
Jul	23.80	23.46	23.88	23.58
Aug	24.07	23.73	24.11	23.85
Sep	24.30	23.95	24.36	24.10
Oct	24.40	24.15	24.45	24.30
Dec	24.65	24.40	24.80	24.55
Jan	24.76	24.50	24.85	24.70
Mar	25.05	24.96	25.15	25.05

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	225.4	224.7	226.0	223.8
Jul	223.7	223.1	224.3	222.1
Aug	220.7	220.2	221.0	219.0
Sep	217.2	217.7	218.2	216.0
Oct	213.0	213.2	214.0	211.5
Dec	211.7	212.5	213.0	210.0
Jan	211.2	212.0	212.5	210.5
Mar	211.2	212.0	211.5	210.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	265/6	264/0	265/6	263/6
Jul	268/4	267/0	269/0	266/6
Sep	262/0	260/4	262/2	260/4
Dec	261/2	260/2	261/6	260/0
Mar	267/6	266/6	267/6	266/0
May	268/6	267/6	269/2	268/0
Jul	270/4	270/0	271/0	270/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	411/0	414/4	414/4	407/6
Jul	402/4	404/0	404/4	399/0
Sep	409/4	411/4	411/4	406/6
Dec	422/2	423/0	424/0	419/0
Mar	428/2	430/0	429/4	425/0
May	419/4	421/4	419/4	418/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	70.52	70.52	71.35	70.60
Aug	67.37	67.32	68.10	67.32
Sep	68.75	68.50	69.00	68.70
Oct	68.97	68.97	69.50	68.90
Dec	70.17	70.17	70.50	70.00
Feb	70.75	70.80	71.00	70.52

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	46.77	46.60	47.20	46.62
Jul	47.47	47.50	47.95	47.37
Aug	46.10	46.12	46.47	45.92
Oct	42.77	42.45	43.20	42.50
Dec	44.77	44.47	45.10	44.80
Feb	46.35	45.90	46.40	45.95
Apr	44.90	44.90	45.10	44.75
Jun	47.40	47.12	47.70	47.10

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	32.65	31.57	32.80	31.85
Jul	32.77	31.90	32.90	32.10
Aug	32.30	31.65	32.55	31.87
Feb	47.77	47.07	47.90	47.20
Mar	47.25	46.60	47.40	47.00

FINANCIAL TIMES SURVEY

More and more companies in every business sector are realising that the collection and careful use of information regarding their customers is an important key to their marketing future, but the technique raises sensitive issues, as **Philip Rawstorne** reports here.

INTERNATIONAL Direct Marketing

Entering a new era

DIRECT MARKETING, for long the poor and often despised "below-the-line" relation of advertising, is now coming into its inheritance.

In the United States – its traditional home – it has already done so. More than half of the $118bn spent on advertising in the US last year went on direct response media. Direct response television is now the fastest growing sector.

The consumer market is fragmenting, which means that brand advertising to the whole market is no longer enough. Different market segments and, ultimately, individual consumers must be addressed separately.

The development of the computerised customer database is giving direct marketers the technology to do so. More and more companies in every business sector are realising that the collection and manipulation of information about their customers is the key to their marketing future. The database is the engine that will drive sales and growth.

As computer hardware and software have become cheaper, the range of consumer information available to business has become ever more extensive.

The company which knows its own customers – their names, addresses, ages, occupations and buying habits – can better satisfy their needs and wants, and retain their loyalty. With a profile of its existing customers, tha company can then turn to thousands of computerised lists of consumers on the market – for sale, rent or exchange – to find prospects with similar characteristics.

WMI/Worldata, one US list broker, for example, publishes a catalogue of more than 15,000 lists for rent – lists of companies and individuals in virtually every field from architects and butchers to wine merchants and woodworkers. Mardev, a list management company founded in Geneva in 1971, offers 20,000 combinations of data from 3,000 lists in Europe.

Consumer and business lists can be broken down by geographic area, by annual sales or purchases; people who have already responded to direct mail offers can be identified – and the amount and frequency of their spending – "If you are selling a $300 product, yon do not want a list of people who have ordered something for $5," the WMI catalogue advises.

Another US list company, Denver-based NDL, has pioneered the compilation of data on the lifestyles of consumers.

Its Lifestyle Selector lists consumers – 20m in the US, 3m in Britain – not only by demographics but by household income (How is that obtained? "We ask them," says Mr Jock Bickert, chief executive.) and by 140 different hobbies, interests and leisure pursuits.

In the US, a company can use its lists to target, for example, 4.3m anglers, 3m golfers, 2m wine buffs, 2m gardeners, and 1m stamp collectors.

The technology of the collection, storage, revisal, and output of such information is by no means perfect. But, more serious, according to leading direct marketers, is that business generally still manages and uses its database assets ineffectively. The potential for sales, market research and testing, new product development and brand building is far from being fully exploited.

Mr Graeme McCorkell, director of List Management Services of London, says:"A one-to-one marketing database is but a poor imitation of the Victorian shopkeeper's address book and his personal knowledge of his customers' foibles until we learn to use it with the same sensitivity, and picture our 'names' as real people.

"To do this requires a change of philosophy on the part of the manufacturer or service provider. We have the means to treat people as individuals; we have still to learn that we should treat them as important."

He adds:"For a time, the manufacturer was king – and mass media advertising enthroned him, reducing the role of the retailer, the service provider...but the Western world has moved on, and now we see a world in which the consumer is once more prepared to pay for service, a world in which the provider of service rules."

The direct marketing industry, itself, also has much to learn about using the new processes as the still frequently low response rates to database marketing show.

Databases will make direct marketing a more essential and valuable tool – but US 'guru,' Mr Lester Wunderman, and other leading industry figures believe its future lies in its successful integration into marketing campaigns with other processes from market research and image advertising to sales promotion.

Mr Walter Schmid, a founder of the annual Montreux direct marketing symposium, now celebrating its 21st anniversary, agrees:"The marketing database is not an unqualified blessing. It brings with it many problems which we must address and solve."

Among these the question of privacy looms large – "we must ask ourselves," says Mr Schmid, "at what point does the commercial use of data become an abuse of an individual's privacy?

"And at what point does a government or political party's espousal of 'data protection' become, in fact, protection for the individual from substantial commercial and service benefits, and an unwarranted restriction of communication?

"Data protection is undoubtedly the biggest challenge for our industry...proper use and sensitive restraint are the keys to success."

The privacy issue is hardly a new one for the industry, however, and there is general recognition that public concern about the security of computerised data, especially financial information, and the growing use of telephone marketing must be better handled than past complaints about "junk mail."

"The potential that technology holds for consumer benefit and growth in our industry will never be achieved tomorrow unless we, as an industry, safeguard privacy today," says Mr Dennis Benner, vice-president of the California lists company, TRW Target Marketing Services.

"If we abdicate our responsibility to solve emerging problems, ultimately the legislators and regulators will select our products and our technology."

It is with such thoughts in mind that industry associations in the US, Britain and Europe are constantly reviewing marketing practices and co-operating with government in enforcing standards.

Gaining the consumer's confidence is an obvious priority for an industry which wants to sell to them; and though the process may have been slow, there are clear signs that it is succeeding.

The industry's image has been improved by some of its more recent but enthusiastic clients – the financial institutions, conservation groups, and charities.

And the year-on-year growth of the industry suggests a growing acceptance of the medium. When telemarketing in the US creates $170bn worth of business-to-business and consumer sales, and direct mail another $117bn; when £7bn worth of goods are bought through the post in the UK; and when the volume of direct mail in France has risen by 70 per cent in six years, direct marketers are obviously meeting the needs of many millions of consumers.

Direct marketing is now pushing into new business areas, such as consumer durables and packaged goods, but while its techniques are practised worldwide, the industry still operates largely on a national basis.

The advent of the single European market in 1992 may stimulate more cross-frontier activity. Many US direct marketers are looking at the possibility of following such pioneers as Reader's Digest and Time-Life into the European market; and some British direct marketers are already running pan-European campaigns.

Printronic Corporation (UK), for example, built the software for a single pan-European mailing for the Financial Times, nine years ago. Within the next five years it was being used successfully by other publishers

Mr Nicholas di Talamo, Printronic director, says: "It is my understanding that the UK is the only centre to offer the software for all the EC coun-

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□ *The illustration on this page is by John Battan.*

Philip Rawstorne highlights the dramatic growth in telemarketing

Europe follows US lead

SOME $49bn was spent by US business last year on telephone marketing – more than twice as much as it spent on television advertising.

In the past five years, the number of people employed in telemarketing in the US has doubled to more than 2m. During the past decade, the number of telemarketing agencies has grown from fewer than 80 to more than 500.

Last year, 21 years after American Telegraph & Telephone introduced the toll-free 800 telephone service, consumers made more than 8bn calls to the half million toll-free numbers now available. Harrods's, the London department store, currently receives more than 350 calls daily on its international 800 number.

These figures illustrate the dramatic growth in the use of the telephone as a marketing tool in the United States. And in Europe, Australia and Japan, the US lead is being rapidly followed. Telemarketing in Britain is now a £60m industry. Fifty-one per cent of all British companies used telemarketing last year compared to only 27 per cent in 1986.

The telephone's advantages as a fast and convenient instrument both for generating sales and fulfilling them have long been recognised. Many companies set up telesales operations during the 1940s when their salesmen were drafted into the forces.

But telemarketing today has developed into a more mature and sophisticated business, combining high technology with personal service as an integral part of the marketing mix. Its uses are extending into market research, test marketing of new products and services, customer care, and building brand loyalty.

Like direct mail, it has assumed greater importance as consumer markets have become segmented and more and more companies have been forced to target many different consumer groups, each with special needs and interests.

The advent of computerised marketing databases – now established by 90 per cent of Britain's top 250 advertisers – has provided telemarketers with the essential technology to fulfil its potential. To move, in the words of Mr Tony Coad, managing director of NDL International, a US-owned

Telephone marketing has now developed into a mature and sophisticated business

database company, towards the marketing ideal of reaching "consumers as individuals, respecting and nurturing their personal tastes and needs."

The telemarketer now has rapid access to the information needed for a dialogue with the customer. When anyone rings a toll-free number in response to a press or television advertisement, the telemarketer – whether in-house or agency – can refer with the aid of a computer screen to previous orders and preferences, answer questions about merchandise, and inform the customer about prices and delivery dates.

Companies considering the introduction of new products or services can ask their customers directly if they would be interested in buying them if they were available.

New information about customers and their needs can be constantly collected to add to the database.

Telemarketers now have the technology – automatic routing of incoming calls and dialling of outside numbers – to handle thousands of customer contacts a day; and much more attention is being given to improving personal service by training that includes sales skills and product knowledge. Carefully drafted scripts on computer screens guide telemarketers through the dialogue with the customer – "Forget grammar rules. Forget impressive and long words. People usually talk in short sentences," says Mr Robert Leiderman, former managing director of British Telecom's Telephone Marketing Services.

A couple of examples illustrate how effective the process can be:

General Electric of the US used telemarketing to improve customer care. In 1982, it opened a customer information service centre in Kentucky with a staff of 25, answering 1,000 consumer calls a week. Questions ranged from do-it-yourself repairs to installation assistance. The round-the-clock service, with access to a database of 750,000 product entries, now has a staff of 250 answering 50,000 calls a week.

Mr N Powell Taylor, the centre's manager, says the service has enhanced GE's image, improved sales and market share, and reduced product warranty costs.

In Britain, the newly-formed telemarketing company, Adlink, was used by Philips Consumer Electronics last year to support an advertising campaign for a new range of TV sets, videos and hi-fi systems, by providing callers with information on dealer location and distributing brochures.

Adlink also invited respondents to a Linkline 0800 number to answer a brief market research questionnaire that gave Philips and its advertising agency, Ogilvy & Mather, a valuable profile of consumer electronics buyers.

Inbound calls dominate business-to-consumer telemarketing. Research in the US shows that two-thirds of the population is happy about buying just about anything from clothing and magazines to records and seeds this way.

According to one conservative estimate, which excluded all travel and hotels telemarketing, such calls led to $29bn sales in the US last year. With the hectic lifestyle of many of today's families, the convenience of telephone shopping would appear to guarantee much more future growth.

Outbound calls to consumers, by contrast, last year resulted in sales of $4.7bn. Surveys suggest that consumer resistance to unsolicited calls remains high – some 60 per cent dislike them, and detest, in particular, automatically dialled recorded messages. But such calls in the US still raise millions of dollars for political and charitable purposes; and attitudes of the 18-35 age group towards them are noticeably less hostile than those of older groups.

Florida last year enacted an "asterisk" law – enabling telephone subscribers to have a "no unsolicited calls" notation against their names in the phone book and so require telemarketers to delete them from their lists. By the end of the year, only 1,500 out of 3.5m had registered their objections. But many other states have introduced similar bills; and New York enacted a three-day "cooling-off" period for telephone sales.

The US Direct Marketing Association, in an attempt to avert such legislation, administers a self-regulatory programme for the industry, called the Telephone Preference Service, which allows telephone subscribers to get their names removed from national marketing lists. So far, some 30,000 people have registered.

Fifty-one per cent of all British companies used telemarketing last year

But if telemarketing has some problems there, it is experiencing no such barriers in the business-to-business sector.

Here the cost effectiveness of the process is the overriding factor. According to McGraw-Hill research, a sales visit in the US which cost $96.79 in 1977 had risen by 1987 to $251.63. That compares with a telemarketer who can make 3-7 business contacts an hour at a cost of $7-$15 each.

By using telemarketing to identify potential customers and to eliminate the uninterested, companies are increasing both the productivity and efficiency of their field sales forces. Such planned outbound business-to-business telemarketing last year in the US led to sales of $116bn.

Leaders in the UK telemarketing league by turnover

THE TOP 14 in the UK telemarketing league table by turnover in 1988, according to a review of the sector in Merch issue of 'Marketing' magazine, were:

1. BT Telephone Marketing Services; turnover, £20m plus; founded 1983; subsidiary of British Telecom; major clients include Du Pont; COI; AA.
2. Programmes Group; turnover, £4.03m; founded 1981; privately owned.
3. Decisions Group; turnover £2.2m; founded 1983; privately owned; major clients include Rank Xerox, Red Star Parcels; and TSB.
4. Audiotext; turnover £2m plus; founded 1985; publicly quoted; major clients include Wincanton; De Beers; Daily Mail.
5. Golley Slater Telephone Marketing; turnover £2m; founded 1983; subsidiary of Golley Slater and Partners.
6. Contact 24; turnover, £1m; founded 1986.
7. Merit Direct; turnover, £990,000; founded 1985.
8. Telechasers; turnover, £573,000, founded 1983.
9. Procter and Procter; turnover, £541,000; founded 1981.
10. Tele Resources; turnover, £500,000 (est); founded 1987.
10. Tele Resources; turnover, £500,000, est; founded 1987.
11. Teleproms; turnover, £350,000; founded in 1981.
12. Stormark; turnover, £300,000; founded in 1984.
13. Knight Sales and Marketing, turnover £305,000; founded in 1984.
14. Commercial Breaks; turnover £100,000; founded in 1987.

Marketing: 22 Lancaster Gate, London W2 3LY.

Leaders in the UK direct marketing league by turnover

THE TOP 13 leaders in the UK direct marketing league by turnover - listing the rank and (in brackets) 1988, (with the 1987 ranking in brackets), according to Marketing Magazine:

1. (1): Watson Ward Albert Varndell; turnover, £25.6m. Founded in 1981; major clients include IBM, Sun Alliance, AA.
2 (3): HLY Grey Direct; turnover £22.7m; founded 1974; major clients include Midland Bank, Fine Art Development, Royal Life, Scotcade, The Insurance Service.
3 (2): Ogilvy and Mather Direct; turnover £18.02m; founded 1977; major clients include American Express; Rank Xerox; British Telecom.
4: Evans Hunt Scott; turnover £13.2m; founded 1986; main clients include Commodore Computers; Barclaycard; RAC.
5 (4): Wunderman Worldwide; turnover £12.8m; founded 1968; main clients include Ford, British Telecom; Weight Watchers.
6 (5): Christian Brann, turnover £11.9m; founded 1967; main clients include Barclays Bank; Ford; Butlin's Holiday Worlds.
7 (11): McCarthy Cosby Paul; turnover £10m; founded 1984; major clients include Burton Group, General Motors, Unisys.
8 (6): DDM Advertising; turnover figure not available; founded 1978; major clients include Barclaycard; British Airways; Ford Parts Division.
9= (7): FCB Direct, turnover £8.5m; founded 1982; major clients include British Airways; Mercury Communications; Wates Built Homes.
9= (8): MSW Rapp & Collins Group, turnover £8.5m; founded 1977.
11= (9): Direct Marketing; turnover £7.2m, (company's own estimate); founded 1978; major clients include Barclaycard, Woolwich Building Society; Saab.
11= (-): Systems Market Link; turnover £7.2m; founded 1979; major clients include Austin Rover, ICI, Hovercraft.
13 (10): Senior King; turnover £6.94m; founded 1977; major clients include Wales Tourist Board; Hilton International; Haven Leisure.

DIRECT MAIL – personally addressed advertising delivered through the post – remains the backbone of the international direct marketing industry.

Despite constant gibes and protests about "junk mail" – an issue now being tackled in a vigorous public relations campaign by the industry in the UK – it continues to expand as more and more businesses, using increasingly sophisticated customer databases, discover its cost effectiveness.

In the US last year, $21.2bn was spent on direct mail, nearly 18 per cent of the country's total advertising expenditure and little short of the amount spent on all television advertising. For the second year in succession, the industry recorded 11 per cent growth.

The US volume statistics are stupendous – 60bn items weighing a total 3,254 tonnes were distributed last year. Almost half of the mail that the average US household received was advertising of one sort or another.

Expenditure on direct mail in the UK last year amounted to £529.8m. That was double the 1980 figure and far higher than the combined spending on poster, radio, and cinema advertising. Estimated retail sales of £7bn flowed from it.

According to the Direct Mail Sales Bureau, some 1.76bn items were delivered, about 10 per cent of the total mail. The postal strike last autumn appears to have had little effect on the year's overall volume though it badly disrupted some marketing campaigns.

The volume of direct mail in the UK has increased by 60 per cent in the last four years. But compared to most European countries, let alone the US, the average British household is not inundated with postal advertising.

On average, less than one direct mail item a week – 44 a year – dropped through the letterbox. Though higher income households, the target of most advertisers, got nearly

In the US, the number of direct mail items exceeds 60bn a year

twice that number, many more free newspapers and unaddressed coupons and leaflets dropped on front door mats.

The total volume of direct mail in West Germany (3.3bn items in 1987), and in France (2.3bn) exceeded that of the UK. In terms of items per head, only the Republic of Ireland and Portugal ranked lower than Britain, whose 29 items compared with 95 in Switzerland, 62 in Sweden, 55 in West Germany, 54 in Belgium, and 44 in France.

Mail order and department store catalogues – 9,000 of them – dominate consumer direct mail in the US.

In Britain, the financial institutions – banks, insurance, credit cards – are now the leading users. Last year, they accounted for 36 per cent of the total direct mail compared to less than a quarterthe previous year.

The advent of more well-known and respected organisations into direct marketing is helping to improve its image. Recent surveys suggest that some 60 per cent of the population is happy to receive, and read, postal advertising. Those who do not want to receive it can have their names removed from mailing lists by registering with the Mail Preference Service. Last year, after an extensive publicity campaign, 56,906 people took advantage of the service, bringing the total "no direct mail" registered to 187,333.

During the same period, 1,709 wrote to the MPS asking for their names to be added to marketing lists, raising that total to 10,997.

The Direct Mail Services Standards Board, which monitors postal advertising in the UK, found last year that "the vast majority of direct mail advertising....is legal, decent, honest and truthful."

Breaches of its code were technical and relatively minor – "they cannot really be described as misleading."

The Board added, however, that there were some potentially disturbing trends – notably an increase in poorly promoted timeshare schemes and a perceptible increase in illegal lotteries coming into the country from West Germany, Canada and Australia.

The Board applauded the professional list broking industry for refusing to supply names and addresses to the marketers of such schemes.

Chief Executive, Mr Michael Goodrich says:" Direct mail emanating from Europe is set to grow rapidly in the next few years and there is a need to establish a forum to provide a mechanism for settling complaints about advertisements originating in a second country."

Research by the Board and the MPS last summer suggested that "what may cause more public irritation than anything else are the present imperfections in targetting. Some people clearly receive completely inappropriate advertising mail.

"Advertisers generally need to invest far more in ensuring they are using appropriate lists. List brokers, in turn, need to improve the quality of the products they market.

"Advances in this field, matched by a less stereotyped and patronising fashion in which the public is approached are likely to go a long way towards removing the poor image from which direct mail presently suffers."

Similar sentiments have been expressed by leading direct marketers in the US. Ms Emily Soell, president of Rapp & Collins USA, told a Direct Marketing Association conference in New York last month:"We need to polish our

In Britain, the financial institutions are now the leading users

ability to be fresh, original, interesting communicators of the benefits of the product or service we're selling.

"And we need to be true to our original roots. We are salesmen; not artists, not poets. We are logicians, not shysters." But improvements in creativity will be of little use if the right person does not read the message. As experience in building and managing databases increases, targetting becomes ever more precise. But there is still much room for improvement.

In the US, as much as a third of direct mail is incorrectly addressed; and even some 3-5 per cent of correctly addressed letters do not reach their destination. The delivery of mail order catalogues is worse – an average of 14 per cent never gets through.

Since the rise in US postal rates last year, the US Direct Marketing Association has been investigating alternative means of delivery – "and we are hopeful about the prospects," says president and chief executive, Mr Jonah Gitlitz. But for the foreseeable future the industry will have to rely on the US Postal Service, and it is devoting more effort to seeking improvements there.

The Post Office monopoly in the UK precludes any effective alternative for bulk mailing for many years ahead. As some direct marketers found to their cost during last year's postal strike, private carriers are not allowed to deliver an envelope to a specific person at a specific address for less than £1.

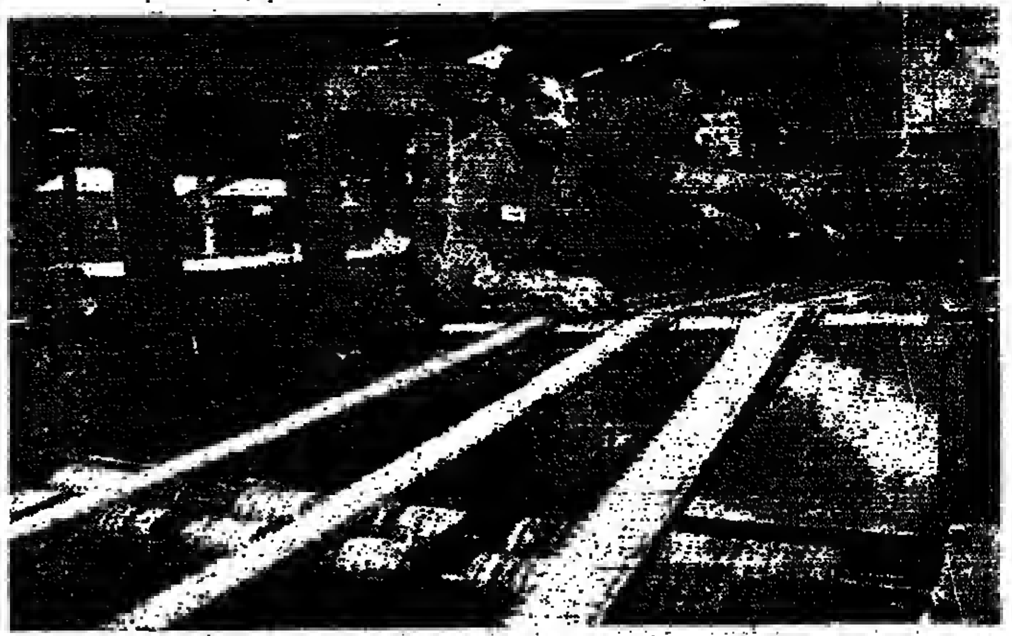
Mr Alan Bigg, chairman of Christian Brann, says:"The Royal Mail does in two days what anyone else would take a year to do. Direct marketing, by definition, mass marketing – and everyone wants it at low cost. We got some quotes during the strike and it would have meant £9 a letter instead of a few pence."

Most direct marketers are supportive of the Post Office which, over the years, has shown itself ready to extend and improve its service to the industry.

Its latest operational change – and probably the most important in the past 25 years – was introduced last month. Mailsort, devised with the help of marketers such as Mr Brian Smith, of WWAV, allows the direct mailer to pre-sort and bag mail by postcodes and hand it over to any post office for delivery. Advertisers can save up to 32 per cent of their postage bills in discounts, according to the volume of mail, the extent to which it is postcoded, and how quickly they want it delivered.

"There is no mistaking that this time the Post Office means business," says Mr Frank MacGinty, chief executive of the Direct Mail Sales Bureau.

Philip Rawstorne



Expenditure on direct mail in the UK last year was more than £529m, while estimated retail sales of £7bn flowed from it. Above: direct mail materials being printed at Promotion Impressions, Colorgraphic's subsidiary company at Milton Keynes.

DIRECT MAIL

Still the backbone of the industry

Applications in the US are viewed with a mixture of envy and concern in Europe

A growing aspect of modern political weaponry

THE BRIEFEST look at how the major political parties in the United States go about identifying their supporters, recruiting new ones and persuading them to part with money effectively demonstrates how much their European counterparts have yet to learn.

The sight of a Democratic or Republican party organisation office in full swing at national or local election time is an impressive one. Huge teams of eager helpers are drafted in to utilise every modern piece of political weaponry at their dis in a no-expense-spared bid to win.

Throughout Europe, the American approach has been studied by parties with a mix of envy and concern, with the vision of apparently endless financial resources clouded by doubts about the lengths to which the US political machine will go to capture support.

There is no doubt, however, that huge strides have been made by European parties in adopting the techniques which have for years formed an integral part of the machinery of political activity in the US.

The advent of the personal computer, a relatively cheap but powerful tool, has added an extra dimension to party organisation, making the targetting of the public possible for a range of initiatives, from canvassing and membership drives to fund-raising.

In Britain, all the major parties have in recent years begun to use direct mail as part of their propaganda offensives, with varying degrees of commitment and diverging results.

One serious obstacle to its use has been the strictures laid down in the Representation of the People Act which govern party political expenditure on campaigning during elections. The rules, which severly limit any significant expenditure by candidates during the course of their campaigns and any winning candidate falling foul of the law could ultimately forfeit his seat.

The Social Democratic Party claims to have pioneered the concept in the UK, acquiring lists of electors and targetting potential voters with potted accounts of party policy, twinned with appeals for financial support.

During the period of partnership between the SDP and the then Liberal party, direct mail was used increasingly extensively and effectively to help promote the Alliance. Targetting was not always accurate, however, with leading politicians from other parties taking great delight in refusing their postal invitations to join their opponents.

Since the break-up of the Alliance, the two former partners have adopted a different attitude to direct mail. As a political tool, its use is regarded as a very expensive option and the recent weakness of the SDP's position has meant that it has suspended the direct mail operations which once formed the core of its campaigning operations.

The party says that it intends to use direct mail again but that, given its limited resources, no major mail shots are planned. According to the SDP, direct mail can only be regarded as a longer-term investment which does not necessarily pay immediate dividends. As such, it is a technique which a party can presently afford to contemplate.

Victory waves from President George Bush and his wife, Barbara. At election time, the main US parties draft in huge teams of eager helpers who use every modern technique in a no-expenses-spared bid to capture support.

Over at the Social and Liberal Democrats, direct mail methods are being used extensively, despite the fact that the party has also faced enormous financial problems. Last year, it recorded huge losses in the aftermath of the Alliance split but there are plans to ensure it breaks even by the end of 1989.

Party officers go so far as to acknowledge that, without direct mail, the Democrats chances of survival would be slim.

In the new party's first year, it is estimated that as much as three-quarters of its total revenue flowed in from direct mail appeals for financial help – "it is our lifeblood", according to one official, who reckons that over a million items of literature have been sent out since early 1988.

"Direct mail was the principal force behind getting the new party off the ground. If it had not been for our computer equipment and some direct marketing skills we would have gone bust."

The party's first mass-mailing brought in over £100,000 from a membership which then stood at around 60,000. The party plans shortly to expand further its direct marketing side – in particular, there are proposals for contacting potential supporters by telephone. Some local parties have already adopted the technique and the next step is to consider organising a centrally-led campaign.

The Democrats intend to step up direct mailing operations to help all aspects of running a modern political party, from fund-raising to membership and campaigning.

For the Tories, the experience of direct mail has been a mixed one. After a lengthy period of experimentation, the technique has been used nationally on an irregular basis but, most effectively, for national fund-raising in advance of general election campaigns.

Conservative Central Office emphasises that the party's constitution does not permit a central membership scheme, although it claims it has over a million members. Campaigns to recruit party members and raise cash are left to the voluntarily-run, local constituency organisations to arrange.

Labour is in the process of establishing a full, national membership scheme by the end of 1991. At the same time, it is in the early stages of a membership recruitment drive intended to boost membership from under 300,000 to a million or more by the time of the next general election.

The campaign is being heralded as the largest and most sophisticated recruitment drive ever undertaken by a British political party. The party will be using communications techniques – direct mail, broadcasts, press and cinema advertising – which it has used previously for campaigning.

A pilot membership recruitment campaign has already started in the West Midlands, initially involving the targetting of ten constituencies. The plan includes the distribution of 300,000 postcards and leaflets, followed by targetted mail shots.

But although the party intends to use direct mailing techniques as part of its campaign, it retains reservations about their cost-effectiveness. The formula is regarded as a very expensive option, although Labour employs it increasingly in fund-raising campaigns and to target specific interest groups, such as women, young people and the trade unions.

The overall picture suggests that direct mail will continue to have a role for most of the major parties, but that the prospect of continuing budget restraints alone means that its use is unlikely to be repeated or anything like the scale achieved in the United States.

Michael Cassell, Political Correspondent

State governments in the US are hoping for action over the 'lost revenue' from home shopping

Taxation and legal controls pose threat

DESPITE its traditional place in US business and society, the continuous, successful growth of the direct marketing industry is now provoking serious legislative threats to its operations.

The US Direct Marketing Association is currantly engaged in a robust national campaign to avert tha introduction of a federal "use tax" which, it claims, would hamstring the industry and have far-reaching effects on consumers.

The main argument for the tax springs from the phenomenal growth in home shopping.

More than 88.5m Americans shopped from home last year, buying $88bn (£22bn) worth of goods from the 9,000 catalogues on tha market, which offer anything from clothes to hot-air balloons, steaks to pianos. Catalogue sales bsve been increasing at twice the rate of retail sales in general.

More American consumers are turning to their television sets for their shopping instead of local stores. Last year $1.4bn worth of goods were bought through TV bome sbopping programmes – triple the amount bought in 1986.

'More than 88.5m Americans shopped from home last year, spending $38bn'

State governments claim that, as a result of this boom in direct marketing, they are losing some $2.5bn a year in sales taxes. At present, sales taxes are only paid on mail order goods if the marketing company has a presence in the state.

Democratic congressman Jack Brooks, of Texas, has signalled his intention of introducing a "use tax" bill this year that would require out-of-state direct marketing companies to collect taxes on their sales and remit them to states on a quarterly basis.

The burden of collecting the taxes, at different rates and with different exemption rules, in the 46 states affected would have a severe effect on the industry, says Mr Jonah Gitlitz, the DMA president and chief executive.

Direct marketers would be forced to spend millions of dollars on computer hardware and softwara, and on personnel training to manage the collection. Marketing companies would be responsible for the tax bills of defaulting customers.

Much of the convenience of mail order would be lost as customers would have to compute the tax thamselves – "calculating a 5.5 per cent tax on a $44.95 pair of shoes and a $19.95 belt is not a simple matter."

Dealing with exempt items would be another complex problem. There were six different tax traatments, for instance, for a basket of fruit, for cheese and for confectionery.

Increased costs and decreased sales would result in marketing companies cutting back operations or going out of business antirely, Mr Gitlitz says.

While virtually every consumer would be affected, the tax would fall most heavily on the consumer groups which relied in particular on direct marketing services – the elderly, disabled, rural and single parent families.

While fighting this threat, the DMA during the past year has also been engaged in constant lobbying for changes in another 600 bills in 45 states that could affect the industry.

'We learnt years ago that removing names of customers who don't want to receive mail is good business. It is good customer relations, government relations and public relations'

Privacy was the main issue. Legislation was introduced in Congress to restrict access to lists of customer names and addresses, and many states moved to legislate against unsolicited telephone calls and against telemarketing fraud.

In an attempt to thwart such legislative pressures, the DMA has refocussed the industry's attention on its self-regulatory guidelines in every sector, and particularly on the removal of customers who object to receiving telemarketing calls or direct mail from marketing lists.

Mr Gitlitz says: "We learnt years ago that removing names of customers who don't want to receive mail, or who don't want to bave their names rented to others, is good business. It is also good customer relations, government relations and public relations."

The DMA is also currently engaged in another do-it-yourself attempt to minimise the impact of last year's 25 per cent increase in postal rates for tbird class mail by the US Postal Service.

While co-operating with the USPS in efforts to improve the efficiency of the service, the DMA is exploring, too, the possibility of alternative methods of delivery.

Last week, private test deliveries began to 100,000 households in Long Island and in Minneapolis.

Philip Rawstorne

Technology can help to exploit the non-stop flow of data

How to cope when the facts get in the way

ACROSS avery area of business, the trend is towards intensifiad competition. Domestic markets are shrinking while international markets develop, and customers demand higher levels of service and quality.

There is increasing pressure oo marketing organisations to compete by adopting technology. This pressure comes not only from equipment manufacturers but from consultancies.

One of the leaders, Arthur Andersen, has embarked on a programme of research and development into the application of information technology in marketing and sales ('Itims') which it claims runs to millions of pounds.

Andersen Consulting argues that customers are sbowing a clear preference for more convenient cbannels tbrongh which to buy products and services. Meanwhile, the costs and characteristics of marketing media are changing rapidly.

Dr Robert Shaw, manager of the marketing group at Andersen Consulting, says: "When I joined Andersens in 1982, a lot of the functions were embodied in tbe marketing end of accounting systems.

"They were mainly doing tbings like order-processing and accounts-receivable. Since then a lot more interest has come up in the market for computer systems which are really marketing-related.

"There has been an upsurge of interest in areas like geographical mapping, demographics and lifestyle profiling."

Dr Shaw has observed two main trends: customer databases or database marketing, and sales productivity and efficiency-type applications.

Andersen Consulting has produced what it claims to be first comprehensive guide to marketing software, ITIMS '89, in conjunction with Marketing Week. The guide identifies and categorises more than 100 packages obtainable in the UK.

"What I have noticed is that a lot of companies are building big mainframe-based customer databases. Where those efforts have been led by the data processing departments, the mainframe database becomes very much the focus of what the company is doing."

'Having an adequate database helps the company to make the right offer to the right person at the right time'

One of the main problems facing sales and marketing management is the effective handling of masses of data on customers, prodncts, sales, competition and channels – data which can dissipate management time and distract rather than focus marketing attention.

Another problem is the integration of the wide variety of data encountered, including direct mail, telepbone contact, inquiries, sales visits, orders, returns and complaints, and the co-ordination of complex relationships between research, plans, schedules and forecasts.

Finally there is the problem of collecting and delivering information tailored to the individual needs of large numbers of researchers, statisticians, planners, agencies, marketing managers, salas managers, mailing houses, telemarketers, field sales, dealers and customers, all of whom want the right information in the right place at the rigbt time. Personal computer developments have tended to lead that side of marketing.

"DP departments are usually a little shy about using personal computers, but when it comes to analytical capabilities, these are usually better carried out on PCs.

"The range of functions availabla on PCs is quite broad, whereas mainframa-based applications tend to be inflexible. The best systems combine mainframe number-crunching to do the heavy database work and the PC for analysis.

'There has been an upsurge of interest in mapping, demographics and lifestyle profiling'

"SQL is the crucial technical link between the mainframe and PC. The PC is used as an end user tool while the mainframe provides the volumes in batches."

Structured Query Language (SQL) originated from IBM but is now virtually in the public domain as a standard for interrogating large databases. SQL is an advanced relational database language that operates on data as logical sets called relations or tables.

The fourth version of the world's best-selling PC database prodnct, Ashton Tate's dBase IV, now comes witb SQL. The SQL language allows users to create another type of table called a view. An SQL view is a subset of the rows and columns of one or more existing tables – a "virtual table" which does not itself actually contain data.

The user specifies the data wanted from a table rather than the procedure to receive it, and the entire SQL language consists of less than 30 commands. SQL is essentially a back-end function.

For the front-end or user-end, Asbton Tate also supplies a number of presentation and graphics prodncts for charts and diagrams, including Map-Master, a data-driven mapping product to display geographic distribution of corporate data and demographic information. Users can view data by country, county or post code, or define other regions.

Porsche Cars uses Map-Master to make information more easily digestible to its 35 UK authorised dealers. Previously they would supplement their own experience and intuition by referring to substantial volumes of sales statistics.

These are entered from data compiled by the Society of Motor Manufacturers and Traders. Boundary files allow data to be sorted by third level postcode, and Porsche plans to suppiy area break-downs of

Continued on next page

Sector entering a new era

Continued from page 1

tries in one package."

British telemarketing agencies, such as the Programmes group, have also been conducting campaigns for British clients in several West European countries.

Bot pan-European direct marketing campaigns, conducted from one centre, are still relatively rare. The European market is fraught with difficulties. Apart from the obvious problems of language and translation, national laws affecting marketing differ enormously.

Sweden, for instance, demands that the total value of a sale should be explicitly detailed; book and magazine advertising is barred in France; data protection laws are tough in Scandinavia but almost non-existent in Spain.

For such reasons, John Watson, chairman of WWAV, the UK's biggest direct marketing agency, which recently carried out a mailing to France, Italy, West Germany and Spain for the British Library, believes that although the industry's growth in Europe over the next few years will be substantial, it will remain largely national in character.

Hyatt converts to mail shots

Hotels have faith in post

ONE OF the more recent and dramatic converts to direct marketing is the US-ownad internationsl hotel group, Hyatt Hotels.

Two years sgo, it had no database of any substance to tell it who its customers ware, and it did no direct marketing – but this year it will spend 40 per cent of its $57m advertising budget on direct marksting.

Mr Adam Aron, Hyatt's senior vice-prasident for marketing, relates how the change took place:

"First, we tied-in with airline frequent-flyer programmes – United, Delta and North-West Airlines. We realisad it would bs essier to market to a few frequent travellers than just to spend our money in ths whole market place."

Intensive direct mailing to these frequant travellers was supported by comprehensiva advertising, not only in leading newspapers but also in the airlinas' timetables and customar newsletters.

Regular promotional offers were made over a period of 18 months, giving consumers incentivea to stay at Hyatt hotels.

One of the lessons that was rapidly learnt, says Mr Aron, was that "the old days of one-shot direct mailings are behind us. You have to communicate with your best customers 10...20...25 timss a year."

Hyatt's research showed that frequant travellers wanted not only very high standards of general service, but hotel programmes specially designed for them – "so we created Hyatt Gold Passport, a comprehensive frequent-flyer programme applied to the hotel businsss, with newsletters, points schemes, and customer rewards."

After the airlines, Hyatt found naw marketing partners among credit card companies – "again, an easiar source of names of potential travellers than having to comb through the 100m households in the country with even the most sophisticated analysis."

A joint promotion with American Express over a four-month period last year increased the volume of business from people using that credit card by 18 per cent.

Hyatt now has its own database – "It is vital," says Mr Aron, "to know who your best customers are."

Philip Rawstorne

National traditions, consumer attitudes and legislative controls differ widely within the EC, says **William Dullforce** in Geneva

Contrasting variations in European approaches

DIRECT MARKETING in Europe is in its puberty stage compared with that of the US, but it is a lusty youth which has just entered a phase of fast growth.

In technology, as the outstanding success of France's Minitel system shows, it may even have a thing or two to teach the US. Mr Ernst Siegenthaler, Secretary General of the Geneva-based European Direct Marketing Association (Edma), explains that direct marketing develops in an evolutionary way, rather than a revolutionary way, but he adds: "In the early 1980s, two things began to happen simultaneously. Electronic data processing costs declined and marketing costs climbed, both dramatically."

The two curves crossed, he says, "and this was the catalyst for European direct marketing's current explosive growth, which has been accelerated by the pressure from the European Community's single market project for 1992."

One recent study on "laboratory advertising performance" put the average cost of a visit by a salesman in Europe at $640 – or twice as high as in the US. (Costs ranged from $1,400 in Denmark to $128 in Ireland.)

In his new book, *The Secrets of Effective Direct Mail*, John Fraser-Robinson estimates that in Europe, 65 to 70 per cent of marketers' spending will go to direct marketing in the 1990s.

Mr Siegenthaler sees Europe "moving towards a point where there are going to be almost as many direct-marketing agencies as there are advertising agencies."

Most of the big advertising groups are building up parallel direct marketing networks. At present, Europe presents a far more fractured picture than the US. National traditions, consumer attitudes and legislative approaches differ, so that direct marketing is at greatly varying stages of development from one country to another.

But Edma has been warning its members to start positioning themselves for an integrated Community market after 1992. Mail still accounts for the large bulk of direct marketing in Europe, even if telemarketing is growing faster.

Accordingly, the sparse statistics available reflect mostly developments in direct mailing. They contain some surprises. Thus, each Swiss received an estimated 95 direct mail shots on average in 1987, well ahead of the other populations covered in a joint research report by 12 European postal authorities.

Perhaps the biggest surprise is that the UK comes 10th with only 29 shots per head. By comparison, mail shots per capita in the US have reached a level of some 300 a year.

DIRECT MAIL IN EUROPE (per head of population)

	81	82	83	84	85	86	87	81-87
Switzerland	72	76	82	83	87	90	95	+23
Sweden	45	46	49	52	55	58	62	+17
West Germany	49	49	49	51	50	53	55	+6
Belgium	32	35	41	45	48	51	54	+22
Norway	25	26	29	32	42	49	52	+27
Finland	32	33	36	41	44	46	50	+16
France	26	28	29	32	36	37	44	+18
Denmark	25	26	27	29	32	37	43	+18
Netherlands	30	31	31	35	37	38	40	+10
UK	18	20	19	22	23	25	29	+11
Portugal	-	8	6	6	6	6	8	-
Ireland	-	2	2	2.4	4	5	8	+4
AVERAGE*	33	32	33	36	37	39	43	+10

*excludes Portugal/Ireland

West Germany, where 3.4bn items were sent through the post in 1987, dominates the European addressed direct mail business in overall volume. France comes second with 2.4bn items while the UK is third with 1.6bn. The Italian and Spanish figures are not available. Growth has averaged 6 per cent a year over the past five years in the 12 countries covered.

The biggest increases in 1987 were recorded in Portugal (29 per cent), Ireland (20 per cent), France (19 per cent) and Denmark (18 per cent).

The German mail order business is easily number one in Europe with a 1987 turnover of DM26.4bn ($14.2bn), representing 5 per cent of retail sales.

French mail order sales totalled FFr37.4bn ($3.5bn) in 1988 or 2.6 per cent of retail sales. Data-based catalogues in the US number some 17,000, whereas Edma guesses that there are only about 5,000 in Europe, of which more than 3,000 are in West Germany.

Over the next couple of years, new technology will not produce change drastic enough to knock the direct mail business from its leading role, Mr Siegenthaler believes, but France's Minitel has demonstrated with relatively simple technology the immense opportunities to be exploited in telemarketing.

In the US, telemarketing is estimated to employ some 2m people, including all the logistical support staff.

Mr Siegenthaler estimates that the comparable figure for Europe today would be around 40,000. Minitel's beginning came when someone in France Télécom decided it would be easier to give subscribers direct access to a data base for telephone numbers, instead of having to print and constantly update telephone catalogues and have people answering enquiries.

Alcatel produced a simple modem with a screen. By the end of last year 4.4m sets had been installed, a figure which is expected to reach 5.3m by the end of 1989. Some 120,000 farmers are equipped with Minitel.

> Europe is moving towards the point 'where there are going to be almost as many direct-marketing agencies as their are advertising agencies.'

Even more illuminating is the most recent analysis of the purposes the network serves. Only 33 per cent of Minitel calls now concern the electronic directory enquiries, for which it was originally planned. So-called professional applications account for 23 per cent, banking and finance for 10 per cent and *la vie pratique* for 12 per cent.

Teleshopping has taken off. La Redoute, one of the biggest catalogue-based French concerns, is now receiving 18,000 orders a day on average through Minitel and 25,000 on peak days.

Last year, it is estimated, there were 625 marketing spots a day on French television, half of them carrying Minitel numbers. Attempts in other countries, such at West Germany's BTX system, to provide a technically more sophisticated – and more expensive – service have failed to take off and other European telecom authorities have started negotiating with Minitel.

Most significantly, Minitel has spawned thousands of *serveurs* – small companies offering such facilities as airline ticket bookings, holidays, health aids and myriad other services.

The full possibilities of telephone marketing for both inbound and outbound sales operations are just being realised in Europe. Inbound refers to a number which a customer can call, usually toll-free. Outbound activity involves soliciting a sale or an appointment by a call to a potential client – a segment of telemarketing which Mr Siegenthaler estimates is growing at a rate of between 20 and 30 per cent a year.

In the February issue of its newsletter, Edma reported that over 1,000 telemarketing firms were active in Europe.

In France alone, 6,000 companies, including major corporations such as Citroen, were using telemarketing. Edma's own membership reflects the current growth in European direct marketing. It now has some 600 members, of which well over 100 joined last year, and applications for membership have been running at 12 a month so far this year.

However, this surge may also be largely due to the advent of the EC single market and European direct marketing users' desire to have an organisation promoting their interests in Brussels and Strasbourg.

Last year, Edma submitted a formal definition of direct marketing to the EC Commission in Brussels with the aim of influencing the process of harmonising laws and regulations.

Mr Siegenthaler lists three issues on which European direct marketers need to focus:

□ THE FIRST is data protection, in which Edma is working for "legitimate" consumer protection that will not inhibit the expansion of direct marketing.

□ SECOND is the abuse of telemarketing, which has reached a nearly critical point in the US.

The main problem, according to Mr Siegenthaler, is the fly-by-night companies which use a market-research approach to force sales of products on people. An answer may be found in codes of ethics and mail preference services which help a telephone holder to have his name eliminated from reference lists.

□ THE THIRD related issue concerns professional standards within direct marketing. Demand from service companies for qualified staff is enormous but, as Mr Siegenthaler says, "It is easy to attend a couple of symposia, buy a computer with a data base and start a direct marketing business."

Edma has started in-house training programmes, but the opportunities for people to acquire sound qualifications for what is a complicated business are still quite inadequate in Europe.

Mr Ernst Siegenthaler, Director General of the Geneva-based European Direct Marketing Association, speaks of the industry's "current explosive growth."

Advances in technology

Continued from Page 3

high and low level sales potential to its official Porsche Centres.

The PC has undoubtedly carved out a niche for itself in marketing, but the mainframe area has also taken significant strides forward. When it comes to the processing of large volumes, such as laser printing for mailshots, a lot of this work usually goes to specialised computer bureaux where the mainframe still reigns.

Citroen UK, for example, uses Marksman, a service from CMG to produce detailed statistics for sales from any retailer, distributor or dealer in any part of the country. Information can be extracted on people who do not respond to mailshots for more accurate targeting.

Mr Chris Morgan, associate director of CMG's Business Services Division, says: "With lifestyle targetting overtaking demographics, a system can tell you all the products an individual might buy, now and in the future, whether it be cars, insurance, holidays, consumer goods or opera tickets."

While some bureaux provide the processing facilities, others concentrate on the information. People are prepared to pay handsomely for timely information and this is the basic role of AGB. AGB's key business mission is to provide marketing information from raw data.

The objective is to help clients make better decisions through the use of continuously updated databases, the application of proprietary techniques to aid their interpretation, and the availability of consultative support to help clients find the answers to marketing questions precisely and rapidly.

AGB decided to start moving away from a product oriented organisation to a function orientation. It now operates on the basis of a number of functional steps along a production line, comprising data collection, data entry, the computer room, and the printing and despatching of reports.

At the middle of the market, the minicomputer allows organisations to rapidly gear up for direct marketing campaigns. Marks and Spencer's new financial services organisation in Chester has used a Unix-based Hewlett Packard HP 9000 minicomputer to support the launch of its unit trust product.

Thirty operators use terminals to access Brock, a US telemarketing system supplied in the UK by Co-Cam Computer Services. The main marketing thrust is response advertising, a direct mail shot to its 2.2 million M&S Chargecard holders and 130,000 shareholders, and distribution of sales brochures at the group's 278 branches.

Up to 1,000 in-bound calls a day have been received in response, and Brock automatically generates about 300 follow-up letters per minute.

Despite notable exceptions, UK companies are slow to realise the benefits of information technology. According to Andersen Consulting, many marketing and sales managers are solely interested in short-term success, because the objectives against which they are measured are geared to the short term.

"The right offer to the right person at the right time" - a phrase so beloved of the direct marketing gurus, is therefore even more of a reality with the aid of the right database – "and is thus helping the industry to lose its aggressive, sales-driven status in the eyes of the public," comments Mr Chris Gater, marketing systems director of Christian Brann, a leading direct marketing company with a wide range of blue chip clients such as Barclays Bank, Boots, Ford, The Royal Mail and Butlins.

The holiday industry, for example, has made much use of direct marketing, seeing it as a way of increasing sales without creating the impression that bookings are down.

Using a sophisticated database, Butlin's used 46 different versions of a promotional pack which was sent to past customers. Which version was sent depended on when and where the targeted customer had taken a Butlin's holiday before. The pack included a personalised early booking voucher and specially-devised competition bearing up to five children's names.

According to Christian Brann, the company which developed the packs with Butlin's, bookings rose dramatically and Butlin's was able to cancel a regional press campaign.

With the launch in the UK of Mailsort, the 'Mailsort Users' Guide' is available from the Post Office. In addition, WWAV, the UK's biggest direct marketing agency, which mails more than 80m items a year, has issued a free 'Guide to Mailsort and what it means for your business.' In part, it looks at the data processing requirements of post-coding. The guide is available from WWAV, 31 St Petersburgh Place, London, W2 4LA.

Boris Sedacca

How information technology can reduce cost of sales, improve customer service and help generate profits: Dr Robert Shaw, right, manager of Andersen Consulting's marketing group, demonstrating a salesforce territory planning system which helps to make more effective use of a salesforce's time – and thus reduce the cost per sale.

Videotext is taking thousands of services into millions of homes

Key to the French consumer

DIRECT marketing has taken off in France, partly on the strength of the spectacularly successful videotext system known as the Minitel.

The figures are impressive – some 4.5m terminals have already been installed, about 75 per cent of them in homes. Last year, 1bn calls were registered, which represented a total of 75m hours.

The electronic telephone directory attracted 400m calls, equivalent to a total of 13m hours. By the end of 1992, when Europe will have shed many internal trade barriers, France Telecom expects 7m terminals to be in operation.

More than 10,000 wide-ranging services are now offered through the network, including home banking, rail and air reservations, mail order shopping facilities, stock market prices, dating facilities – and erotic messages.

Direct marketing suppliers now total about 1,000, of which merchandise sales represent more than 100. The Minitel, which has become a flagship of French communications technology, fulfilled a need and created others as the system has spread.

Roland Glagnon, an analyst with the Paris brokerage group, DLP-James Capel, comments: "Unlike cable television, a market for the system did not have to be created from scratch."

The need was evident on all sides. The number of telephone lines in France more than quadrupled from 6m in 1974 to nearly 26m in 1988. This meant that printed telephone directories were obsolete before they came off the presses.

The electronic phone directory, which is already updated about every three weeks, will eventually be updated every 48 hours.

The Minitel owes its success largely to France Telecom's policy of freely – although gradually – distributing the most basic model throughout the country.

A second big boost to the network's popularity came in 1984, when the "kiosk" system of customer payments was introduced. France Telecom invoices telephone subscribers for their Minitel calls, while keeping a commission and then passing the rest on to the service suppliers. This system lightens the suppliers' administrative burden, and leaves consumers free to link into any service they require, without being locked into a subscription.

According to France Telecom, the highest demand is for the electronic telephone directory, followed by home banking, SNCF rail bookings, the Lamy data bank for road hauliers (the first business service in the kiosk system), mail order shopping, and financial and other news provided by television stations, newspapers and magazines.

The top 10 direct marketing companies are mail order firms, headed by La Redoute, the largest operator in France, and Les Trois Suisses, according to Philippe Bernheim, France Telecom's direct marketing boss.

He believes that merchandise, home banking and rail bookings have the biggest growth potential in the years ahead. SNCF will soon start selling train tickets as well as taking reservations through the Minitel, which is certain to spur further demand.

As for catalogue sales, the increase in orders placed through the system is reflected in the decline in orders through the mail. A number of suppliers have produced catalogues specifically for the Minitel. France Telecom is one of them, and has been marketing its services to small and medium-sized enterprises on a trial basis in the Lorraine region for the past year.

"We will conduct experiments in another two or three areas, and if all turn out to be profitable, we will go nationwide," Mr Bernheim says.

The future is promising: a study carried out at the end of last year showed that direct marketing through the Minitel was regarded as modern and efficient, Mr Bernheim explained. It seems to overcome the hesitations of young professionals, some of whom prefer to shop in person.

The free phone, or "numero vert", is operating across borders under agreements signed with eight European countries, Japan and the US. To enhance the flexibility of the service, a choice of three types of subscription and three systems for switching calls or giving messages were introduced last year.

France is also extending its integrated services data network (ISDN) to the most important business centres this year, before linking up to the networks in Italy, the United Kingdom and West Germany in 1990.

The time when French homes are eventually connected to the network is still some way off, but when it comes, home shopping will no doubt take another leap forward.

Camif, a co-operative in Niort and the third largest mail order company in France, is experimenting with a blend of the Minitel and cable TV to see how much difference an image can make to demand.

Barbara Casassus

Services to 32 countries

TNT Mailfast has just introduced two new services which it believes will have significant implications for the direct mail industry: Post Office Box and Business Reply Paid. The advantage is that new foreign markets can be reached, without a local office; and response rates will hopefully take off due to ease of customer-reply.

"Dramatic increases in response rates to international direct mail are achieved when a local response device is used in the destination country," says Mr Drew Fobbester, international marketing manager, based at Windsor, Berkshire.

Post Office Box is already available in 32 countries. TNT, part of the multinational distribution group, assigns customers a mailing address in a foreign country, complete with box number. This can be included in literature or printed on envelopes or cards included in the mailing package.

TNT then carries the mailing abroad. Recipients of the materials are able to respond to a local address, paying local postage. TNT clears the P.O.box daily and delivers responses the origin country by courier.

With this service, the foreign recipient need pay no postage – TNT also supplies instructions for the printing of business reply envelopes or cards.

Drew Fobbester: anticipating 'a dramatic increase in response rates.'

Growing army of telemarketeers

WHILE an estimated 4,500 were involved in telephone marketing and telephone sales in the US in 1980, the number had grown to around 300,000 by 1985, say Stan Rapp and Tom Collins in their book, *MaxiMarketing*, published by McGraw-Hill.

"The US News and World Report has predicted that by the year 2000, the number will rise to 8m," say the authors, who are co-founders of the Rapp & Collins international direct response agency network.

"Between 1980 and 1984, the number of telephone marketing agencies grew from 15 to about 100 full-time, full-service agencies – and another 1,200 agencies of lesser capability. In-house telephone centres grew from approximately 1,500 to around 30,000. Direct marketing Association research in 1983 pointed to a total telemarketing sales in 1984 of $100bn."

A profound change is taking place in the way good and services are advertised, promoted and sold to the public, say the authors – "yesterday's hit-or-miss 'shotgun' approach of mass marketing directed at anonymous consumers is giving way to new, more accountable, cost-efficient, personal mode."

The statistics indicate that organisations which "are not maximimising the use of the telephone in marketing the product, service or business, are in danger of being left behind," claim the authors.

New campaign for the National Trust

THE direct marketing agency, MSW has been appointed to handle a new campaign for the National Trust's legacy division.

In addition to creating greater awareness of National Trust legacies among its 1.7m members, MSW's programme will be designed to increase the level of bequests currently made by members of the trust.

The campaign, which starts in June, comprises advertisements in the Trust magazine, plus direct mail communications to members.

Computer system

Pulse Train Marketing Systems of Guildford has won an order for its new 'Tal-ALL' computer-based telemarketing system from Online Marketing, a leading telemarketing organisation in the Netherlands. Online Marketing, it is claimed, will become the the first Dutch telemarketing group to be able to offer its clients automatic and direct daily reporting of all customer contact calls, inbound and outbound.

Database management

Marks & Spencer, the retailing chain, has become the first major UK user of Brock, the US telemarketing/database management system to assist in the marketing of its new style unit trust – the Marks & Spencer Investment Portfolio.

LONDON STOCK EXCHANGE

Trade data sees index flirt with 2100

There was unbridled enthusiasm in London's equity market yesterday as much better trade figures than expected for March removed for the time being at least the threat of higher UK interest rates.

Blue chips responded with substantial gains across the board and the FT-SE 100-share index briefly moved through the 2,100 level before losing some of the steam.

A session of high tension in the market closed with Minorco, the South African-controlled group, comfortably exceeding the 50 per cent level of acceptances in the drawn out and bitter battle for control of Consolidated Gold Fields.

Account Dealing Dates

First Dealings:	Apr 17	May 8	May 22
Option Declarations:	May 4	May 18	Jun 1
Last Dealings:	May 5	May 19	Jun 2
Account Day:	May 15	May 30	June 12

*New time dealings may take place from 9.00 am two business days earlier.

Predictably, the day began quietly with the FT-SE index opening marginally higher in thin trading with the market showing slight concern over the decline on Wall Street.

Buyers began to make their presence felt, however, in the run to the trade figures, announced at 11.30 am. Immediately before the numbers Footsie was showing a healthy 13.1 gain and this was quickly extended to 30.7 within half and hour of the news.

The index broke through the 2,100 level on at least two occasions, but each time ran into a flurry of persistent, but generally, small profit-taking. Thereafter it drifted off and eventually settled with a 22.2 gain at 2,093.4, its third successive rise.

Turnover yesterday was well up on recent levels, and came out at 568.5m, compared with Tuesday's programme-trade-boosted 576.8m.

The £1.2bn March current account deficit came against a general consensus of forecasts of £1.5bn and February's figure of £1.7bn. "Quite clearly it provided a boost to seotiment and dispels the opward pressure on interest rates for the time being" said Mr John Reynolds, ecooomist at Prudential-Bache.

However, many observers were lotb to forecast lower interest rates. As one dealer put it: "There has to be further evidence of a sustained slowdown in retail sales and money supply before that could happen."

There was general agreemeot that the level of exports had taken most analysts hy surprise: "If tbese exports numbers can be maintained then obviously the trade deficit will lessen and this will underpin sterling, which remains the key to interest rates." an analyst said.

Support for hlue chips was impressive according to a specialist trader at a US house. "We've seen plenty of overseas support for top UK shares and we can't see any reason for it not to keep going given reasonable first-quarter figures from ICI tomorrow," he said.

Around the various sectors there was considerable switching in the pharmaceuticals where Beecham underperformed. Late in the sessioo the market was buzzing with hints of a possible takeover move for ASDA.

FINANCIAL TIMES STOCK INDICES

	Apr 26	Apr 25	Apr 24	Apr 21	Apr 20	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.64	86.24	86.16	85.98	86.19	90.03	89.29 (9/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.00	96.97	96.96	96.84	97.22	97.05	99.50 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1731.4	1708.9	1701.9	1700.5	1698.5	1448.0	1761.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	185.1	185.5	186.6	185.7	185.9	209.4	196.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.51	4.56	4.59	4.58	4.58	4.50				
Earning Yld %(full)	10.92	11.05	11.09	11.11	11.11	11.63				
P/E Ratio(Net)(*)	11.06	10.99	10.81	10.87	10.86	10.51				
SEAQ Bargains(5pm)	26,898	24,423	22,231	22,548	28,214	28,684				
Equity Turnover(£m)†	-	1375.06	854.30	1185.29	1348.41	1505.14				
Equity Bargains†	-	27,911	26,292	27,209	30,998	31,531				
Shares Traded (ml)†	-	528.9	351.3	436.9	503.9	430.7				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1709.0	1715.5	1717.7	1736.4	1731.8	1731.5	1727.7	1731.2

DAY'S HIGH 1737.3 DAY'S LOW 1708.9

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1926. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1074. ‡Nil 10.98 †Excluding intra-market business. * Corrected figure

S.E. ACTIVITY

Indices	Apr 25	Apr 24
Gilt Edged Bargains	97.0	83.6
Equity Bargains	180.9	170.4
Equity Value	2779.4	1726.9
5-Day average		
Gilt Edged Bargains	94.0	98.3
Equity Bargains	186.0	188.1
Equity Value	2506.0	2474.6

● London Report and latest Share Index. Tel. 0898 123001

Minorco gets to first base

News that Minorco had received at least 54.84 per cent acceptances from Consolidated Gold Fields shareholders of its £3.5bn bid for the UK diversified mining group came too late for marketmakers to react, hnt dealing ahead of the announcement suggested the market had been expecting a narrow victory for the South African-controlled bidder. The Gold Fields price touched 1298p at one stage before settling at 1293p, a gain of 38 on turnover of 3.7m shares.

Minorco's success in winning as much as 55 per cent so far surprised some observers who, having seen stockbrokers Cazenove and J Henry Schroder Wagg pick up 1.4m Gold Fields shares between them at 1240p in early trading, had assumed that Minorco would fall just short of its target. Yet everyone was quick to point out that the battle over Gold Fields was far from over.

"There is a huge question mark hanging over the deal," said one analyst, who continued: "Minorco has 21 days to declare the offer unconditional in all respects, but it does not have enough time to call an emergency general meeting to replace the Gold Fields management. Nor is it likely that Rudolph Agnew and Newmont Mining will drop their action in the US courts, because they will no doubt argue that Minorco has failed to win acceptances from 50 per cent of the free vote, which is the vote excluding the 30 per cent it already had. So it's all up to whether Minorco can persuade the Takeover Panel to grant an extension to the 21-day deadline."

Initial confusion

Confusion surrounded the first day of trading in the new MB Group, now without its packaging division which has been merged into CMB with the similar business of Carnaud of France. MB Group has 25.6 per cent of CMB.

There are now three related trading instruments in London: MB Group, CMB old and CMB new. The new shares were received hy holders of the old MB Group shares as part of the merger deal. They are registered shares, attracting stamp duty when traded, and pay 75 per cent of dividend. The old are bearer shares and contain the entire dividend.

To add to the complexity, several marketmakers were unclear over the details of settlement – either cash on delivery or on Account day. The doubts seemed not to deter trading, however, and 5.9m MB shares changed hands. The price settled at 207p, roughly what analysts had expected.

There was early heavy selling of CMB new, with one institution said to have disposed of between 1m and 2m shares. "Some investors consider CMB a French stock and will sell them out of UK portfolios." There was rapid two-way trade and the price firmed to £58 by the close. The old settled at £61¼, although one dealer expected old and new to move in tandem when selling of the latter has unwound.

Super food market

Supermarket stores were once again busily traded amid further talk of an imminent bid for Asda. At the close Asda, which announced the acquisition for £29m of 48 stores and 9 properties from furnishings retailer Gillow, were 12½ better at 173p on turnover of 18m shares. Just before the end of trading marketmakers were told to expect a dawn raid on Asda this morning and a bid of 220p a share from US group A&P.

There was a fall of 1½ to 191p on turnover of 6.3m shares for Gateway, where Isosceles has made a 195p-a-share bid. The market remains convinced that Gateway will fail, but probably not at the price offered by Isosceles. "A price of 210p or 120p a share would probably clinch it," said one trader. It was revealed yesterday that US securities house Goldman Sachs has 1.39 per cent of Gateway.

Rising on the coat-tails of the Asda and Gateway stories were Tesco, up 6½ at 175p on turnover of 7.4m shares, Sainsbury, 3½ better at 340p on turnover of 3m, and Argyll, 4½ firmer at 195p on turnover of 2.5m. Dealers in the traded options market reported exceptional business in Sainsbury.

Among mannfacturing stocks Ranks Hovis Macdougall all eased a penny at 364p; dealers increasingly believe RHM could struggle to win the approval of its shareholders for the £1.4bn bid for Australian group Goodman Fielder Wattie, and there is concern that the bid may be blocked anyway by the Australasian authorities. Goodman Fielder has advised shareholders to reject the offer from RHM, which now has 14.9 per cent of its target.

Reuters attracted good business after an optimistic AGM statement. The shares advanced 17 to 729p as, according to a marketmaker, sellers disciplined their orders so as not to depress the price.

Pharmaceuticals were mixed. Wellcome rose 9 to 495p ahead of interims today. Fisons' weakened after a good run based on French institutional interest and in the wake of some switching out of the stock into Beecham. The latter remained weak however, and the publication of results from SmithKline Beckman – with which it is due to merge – underlines the scale of the task that lies ahead.

Renewed suggestions that Hanson, up 3 at 189p, might hid for Xerox in the US boosted the latters shares, which in turn helped Rank Organisation with which it has sweeping business links. Rank climbed 24 to 941p also helped by suggestions that it might dispose of its hotels business.

BAT Industries struggled to make beadway in spite of favourable notices as researchers issued their verdicts on the proposed restructuring of Amatil. Mr Charles Pick of Nomura Research deems the scheme "an ingenious move and from BAT Industries' viewpoint a welcome one." He concludes his note with "the shares now offer good vaine following recent weakness and look worth accumulating at these levels." They closed only 2¼ higher at 538½p.

The Mexican debt settlement news continned to boost the banks sector. Another burst of buying interest and a stock shortage saw **Midland** improve 7 more to 454p on turnover of 2.1m. Barclays and NatWest added 4 apiece to 444p and 598p respectively.

The life assurance sector moved against the rest of the market, with the excepton of **London & Manchester** which raced up 7 to 282p amid further takeover speculation. Last Friday almost four per cent of the company's shares moved through the market in two trades of 4.5m apiece.

Brewers were well supported, if anything slightly outperforming the market. There was particularly good demand for Guinness, up 10 at 461p on turnover of 3.7m shares, Allied Lyons, up 10 at 449p on turnover of 5.5m, and Bass, 12 better at 939p. Greenall Whitley's decision to pnt its bingo operations up for sale was well received, and the shares climbed 7 to 298p.

Builders warmed to the apparent good news for interest rates following the trade figures. Blne Circle and RMC both rose 10 to 529p and 670p respectively. Tarmac move ahead 9 to 313p, for a two-day rise of 22, on the back of the favourable comment after Tuesday's results. Some 6.9m shares changed hands.

Redland gained 7 to 534p in anticipation of today's figures – Hoare Govett are looking for about £225m – while Hatfield Estates rose 10 to 187p after a four-fold increase in interim profits.

Among buoyant Stores, Next fell against the trend, to close a penny lighter at 145p on reports that five directors had resigned to join the new retailing vehicle being put together by Mr George Davies, the former head of Next. Mr David Jones, who replaced Mr Davies as chairman, played down the reports. He said only three directors had resigned, and two of those handed in their notice 2 months ago.

Those that are leaving Next, he said, were junior directors who were not part of the board running Next retail. "They are leaving because they felt they didn't fit into the new structure and regime at Next," explained Mr Jones. However, it is believed that the departing executives have left to join Mr George Davies' new operation, whicb should be unveiled this weekeod.

Dunhill International rose 21 to 303p on hopes of a bid from Guinness.

GEC firmed 5 to 238p on widespread talk of an upgrading from a top UK securities house while **STC** also put on 5 to 321p, after 326p, amid suggestions that Siemens might buy STC subsidiary ICL. Dealers played down this possiblity. One said: "Why should STC want to sell its most profitable business – unless they know something no one else does." Another argued that it was more likely that discussions were underway either on a UK joint venture or over Siemens taking a a minority stake in STC.

Fnrther consideration of **Micro Focus's** finals on Tuesday boosted the price another 25 to 285p.

Renewed hid speculation buoyed **Davy Corporation**, 7 higher at 251p, and **GKN**, which jumped 12 to 375p. Verson greeted a 80 per cent increase in pre-tax profits and the acquisition of British Federal from Laird Group for £3.75m hy rising 6½ to 34½p. Further Airbus orders helped British Aerospace put on 14 at 573p.

A pronounced movement in Dowty, up 12 at 259p, owed more to technical influences than revived buying interest from institutional and other investors anticipating a re-rating of tbe group. An early bnyer found little stock availahle, triggering a rise which gathered momentum as marketmakers hurried to cover their positions. "All the hallmarks of a bear squeeze," explained a specialist salesman hopeful that the shares had now found a genuine trading level.

Jessups, the motor distributor, produced slightly higher interim profits hut the news disappointed the market and the shares lost 5 to 183p. Competitor Lookers also slipped back, closing 9 down at 193p in spite of the disclosure that T Cowie had increased its stake to 10.77 per cent.

United Newspapers came more sharply into focus, rising 12 to 437p on revived speculation that Sir James Goldsmith was building a stake. "There's not sufficient turnover for Sir James or anyone else to be acqulring a holding," said a disgruntled marketmaker pointing to yesterday's volume of less than 700,000 shares.

The property leaders drew enthusiasm from the helief that the upward pressures on interest rates would now begin to ease. Land Securities gained 10 to 561p in turnover of 1.4m while **MEPC** were 9 better at 556p.

Brixton Estates rose 7 to 394p after disclosing increased full-year profits and a proposed one-for-one capitalisation issue. Old favourites in the bid arena fared well with Randsworth up 5 to 280p on talk that Priest Marians had either increased its stake or would launch a bid.

The oil and gas sector underperformed tbe rest of the market with the majors restrained by American selling after tbe sligbtly disappointing figures released by a number of the top US oil companies.

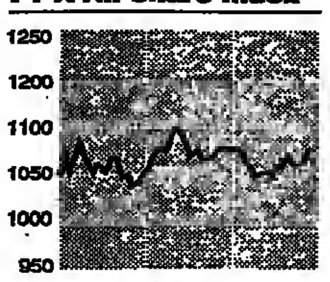
Hefty sales of BP in ADR form put the sbares under sustained pressure before the better-than-expected UK trade figures triggered modest buying. At the close BP were barely chaoged at 284½p, after turnover of 7.2m, and Shell were slightly easier at 404p following volume of over 3m shares

LASMO made good progress, closing 6 higher at 455p after the company's meeting with oil sector analysts.

Ceotury Oil were given a boost by a press report that the company might attract the attention of a potential predator.

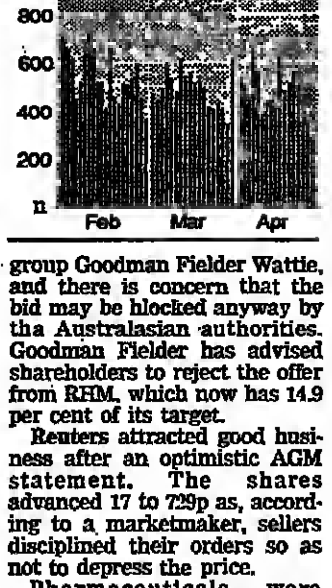
■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 26

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	18,000	173	+12½	Costain	2,500	306	+2	Laporte	69	428	-2	Royal Bk of Scotland	441	382	+2
Allied-Lyons	5,500	449	+10	Courtaulds	750	320	+2½	Legal & General	1,100	316	-2	Royal Insurance	406	407	-2
Amstrad	1,800	121	-1	Dalgety	215	364	+4	Lloyds Bank	2,700	354	+4	STC	2,900	321	+5
Argyll Group	2,500	193	+3½	Dixons	1,600	150	+½	LASMO	662	455	+6	Saatchi & Saatchi	2,100	267	-2
Ass. Brit. Foods	656	337	+1½	Eng. China Clays	1,700	522	+3	Lonrho	1,100	263	+2	Sainsbury	3,000	340	+3½
BAA	2,000	375½	+4½	Enterprise Oil	423	540	-2	Lucas	547	621	+7	Scott & Newcastle	2,800	292	+6
BAT Inds.	1,800	538½	+2½	FKI Babcock	3,300	170	+3	MB Group	5,900	207		Sears	3,400	123	+1½
BET	1,700	283	+6	Fisons	3,000	311½	-1	MEPC	465	556	+9	Shell Transport	3,300	404½	-½
BICC	501	486	+2	Gateway Corp	6,300	191	-1½	Marks & Spencer	7,300	168	+4½	Siebe	234	461	+2
BOC	2,100	489	+5½	General Accident	187	939	-1	Maxwell Comm.	1,500	185	-1	Slough Ests	668	327	+4
BPB Inds.	1,900	295	+5½	General Elec.	4,600	238	+5	Midland Bank	2,100	454	+7	Smith & Nephew	1,900	132	+½
BTR	3,300	365	+6	Glaxo	1,500	1368	+2	Nat. West. Bank	2,600	598	+4	Smith Industries	1,600	300	-4
Barclays	3,500	444	+4	Globe Inv.	120	169½	+1½	Next	3,300	145	-1	Standard Chartered	44	529	+4
Bass	1,000	939	+12	Glynwed Int.	2,000	313	+4	Northern Foods	137	300	+2	Storehouse	3,550	174	
Beecham	2,100	623	-2	Granada	999	359	+1	Pearl	74	411		Sun Alliance	190	1134	-3
Blue Circle	1,400	529	+10	Grand Met.	1,500	564	+6	Pearson	166	714	+8	T & N	3,700	206	-2
Boots	4,200	291	+3	GUS A	1,000	1048	+14	P & O	747	664	+10	TSB	972	107½	
Brit. & Comm	1,800	208	-3	GRE	630	204	-1	Pilkington	1,800	249	+5½	Tarmac	6,900	313	+9
Brit. Aerospace	1,300	573	+14	GKN	2,300	375	+12	Plessey	2,100	263	-1	Tate & Lyle	676	933	+3
British Airways	1,900	191	+1	Guinness	3,700	461	+10	Polly Peck Intl	946	316	+2	Taylor Woodrow	222	618	+10
British Gas	4,020	182		Hammerson 'A'	172	798	+11	Prudential	2,700	114		Tesco	1,400	174	+5½
British Land	1,300	360	+4	Hanson	1,320	189	+3½	RHM	3,400	364	-1	THORN EMI	823	673	+3
BP	8,200	284½	+½	Harrisons & Cros.	737	186	-1	RMC	299	670	+10	Trafalgar House	1,400	382	+6½
British Steel	9,100	84½	+1½	Hawker Siddeley	791	680	+5	RTZ	2,000	524	+11	Trusthouse Forte	3,200	289	+4½
British Telecom	2,100	266½	+3½	Hillsdown Hldgs	4,400	265	+5	Racal	3,700	410	+4	Ultramar	1,000	305	-3
Burmah Oil	415	553	+6	IMI	2,100	225	+1	Rank Org	926	941	+24	Unilever	1,430	547	+8
Burton	1,200	211	+3	Imp. Chem	1,200	1198	+13	Reckitt & Colman	219	1120	+5	United Biscuits	1,200	323	+2½
Cable & Wireless	3,300	508	+11	Inchcape	384	258	+5	Redland	1,200	534	+7	Utd Newspapers	690	437	+12
Cadbury Schweppes	996	346	+2	Jaguar	446	303	+1	Reed International	2,600	385	+5	Wellcome	1,200	495	+9
Carlton Comm.	437	855	+7	Kingfisher	2,200	299	+3	Reuters 'B'	1,900	729	+17	Whitbread 'A'	2,700	359	+2
Commercial Union	1,000	377	-1	Ladbroke	783	549	+2	Rolls Royce	6,000	198	+5	Williams Hldgs	2,180	258½	+2½
Cons. Gold Fields	3,700	1293	+38	Land Securities	1,400	561	+10	Rothmans	268	489	+5	Wimpey	941	289	+11

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (142).
BRITISH FUNDS (2) Treas. 10½pc 1989, Treas. 2pc IL 1990, AMERICANS (10) CANADIANS (1) Abbot Energy, BANKS (2) Capit. Leasing, Cattle's, BREWERS (1) Macallan-Glenlivet, BUILDINGS (6) CALA, Epwin Grp., Hatfields Ests., Hewetson, Miller (Stan.), Tysons, CHEMICALS (3) ICI, Rechem Envmt. Servs., Rentokil, STORES (3) Dunhill Hldgs., Kingfisher, Tiobet & Britten, ELECTRICALS (9) ENGINEERING (10) FOODS (6) HOTELS (3) Grand Met., Jurys Hotel, Queen's Moat 7pc Cv., INDUSTRIALS (25) Abbeycrest, Aberfoyle, Amer. Bus. Syst., Avis Europe, BET, Bardon, Barlow, Boot (Henry), Boots, Brit. Fittings, Carbo, Charter Cons., EIS, Expamet, Hanson, High-Point, Interlink, Ipeco, Jardine Hldgs., Jourdan (T.), London Finance & Invs., Rank Org., Record Hldgs., Spong, Syltone, INSURANCE (2) Torchmark, Trade Indemnity, LEISURE (3) Brent Walker, Cityvision, Really Useful Grp., MOTORS (2) Airflow Streamlines, Perry Grp., NEWSPAPERS (2) Independent, Intl. Bus. Comms., PAPERS (2) Addison Consult., Gold Greenless T., PROPERTY (5) SHIPPING (2) Bergesen d-y AS "A", Runciman (W.), TEXTILES (2) Courtaulds, Early's of Whitney, TRUSTS (26) OILS (3) Mid & Scot Res., Monument Oil, Shell Trans., MINES (4) Impala Plat., Pan Aust. Mining, Rus. Plat., Zam. Cpr. Invs., THIRD MARKET (3) Haemocell, Moray Firth, Poddington.
NEW LOWS (10).
BANKS (1) Banco Bilbao Vizcaya, ELECTRICALS (2) National Tele., Star Comp., INDUSTRIALS (5) AAF Invs., Pergamon AGB, Relyon, Wade Potts., Wills Grp., INSURANCE (1) London Utd., PAPERS (4) Kleartoid Inc., PrinTech, SPS Consit., Waverley Cameron, PROPERTY (1) First Intl. Prop., TEXTILES (3) Jerome Hldgs., Lowe (Robert H.), Lyles (S.), MINES (2) Arboyna, Expiaura Hldgs., Kenmare.

APPOINTMENTS

LIT Europe chairman

■ LIT HOLDINGS has appointed Mr Geoffrey H. Chamberlain as an executive director of the group from May 2. He will be chairman and chief executive director of LIT Europe, responsible for the futures and securities division in Europe, the Middle East and Africa. He was chief operating officer in equities and derivative products for Shearson Lehman Hutton in London. He is chairman of the London Traded Options Market, deputy chairman of the European Community Options and Futures Exchanges, and president of the International Association of Options Exchanges and Clearing Houses.

■ Mr Derek Cook, sales director of CARLSBERG BREWERY, has been appointed to the boards of Carlsberg Distributors, Carlsberg Sales, and Carlsberg Scotland.

■ SHAYE COMMUNICATIONS, designer of the recently-launched Forum Personal Phone, the second generation digital cordless telephone, has appointed Mr Richard Watson as company secretary. He continues as director of finance.

■ Fibre optic connectors maker, AB STRATOS, has appointed Mr Scott Smith as operations director to head the company's manufacturing base at Haverhill, Suffolk, and its sister company, Stratos Connectors AB, in Sweden. He was with the parent company AB Electronic Products Group in south Wales.

■ Mr Bill Weale is to join GLAXO as the prospective president of Glaxo Bermuda, which is being established as the fund management company of the group. He is currently with Shell International Petroleum Co where he is responsible for managing the company's surplus funds. He takes up his new post on June 1 and will be resident in Bermuda.

■ THE ELECTRICITY SUPPLY PENSION SCHEME has appointed Mr Tim Bell as property director and Mr Julian Smith as senior surveyor.

■ ANALYSIS PORTFOLIO MANAGEMENT, Harrogate, has appointed Mr Howard Beaufort to the board. He was a director of Barclays Unicorn Trusts. Two investment managers have been promoted to the board, Mr Stuart Sharp and Mr Michael Craven.

■ Mr Gordon W. Pullan, who joined the C.I. GROUP in January, has been appointed finance director. He was group secretary and controller with Foseco.

Mr Richard Williams *(above)* has been appointed managing director of PANMURE GORDON INVESTMENT MANAGEMENT. He was director of Hill Samuel Unit Trust Managers, and succeeds Mr Robert Head who has joined Rauscher Pierce Refsnes in Dallas, US.

■ WHITEFRIARS, members of The International Stock Exchange, has appointed Mr Rudi de Mendonca as managing director, and Mr Jens Christopherson, of Bikuben, Denmark, as deputy chairman.

■ Mr Tony Oscroft, has been appointed sales and marketing director of JAMES BURROUGH DISTILLERS, autonomous spirits division of Whitbread and Co.

■ Mr David MacFarlane has been appointed an assistant director of J.O. HAMBRO MAGAN.

■ The following will join the partnership of FRESHFIELDS on May 1: Mr Tony Besse, Mr Hugh Crisp, Mr Alan Newton, Mr Richard Phillips and Mr Mark Trapnell.

■ The KYLE STEWART GROUP has made the following appointments. Mr Laurance Castle becomes director and general manager of Kyle Stewart Properties. He was general manager. Mr Mike Davey, formerly divisional manager, becomes a director of Kyle Stewart Management. Mr Brian Payne, formerly deputy chief structural engineer, becomes a director of Kyle Stewart Design Services.

■ SAUTER AUTOMATION, Slough, has appointed Mrs Margaret Carver as finance and administration director and company secretary.

■ Mr Gordon W. Pullan, who joined the C.I. GROUP last January, has been appointed finance director. He was group secretary and controller with Foseco.

■ Mr Jeffrey Lawrence has been appointed managing director of MERRILL LYNCH GLOBAL ASSET MANAGEMENT in London.

■ Mr Derek Viveash has been appointed construction director of PERSIMMON HOMES (WESSEX). He was site manager.

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	48 23	48 76	51 07	+0 0[illegible]	5.28
Gilts & Fixed Int	6	111 5	111 5xd	118.4	+0 3	8 45
High Inc Equity	6	129 5	132 5xd	140 9	+1 1	4.51
Worldwide Bond	6	189 1	189 1xd	200 4	+0 3	4.84
Capital Growth						
American Growth	6	166 5	168 7	179 4	+0.2	1.38
Asian Pacific	6	42.73	94 00	100.7	+0 93	0.70
Assets & Earnings	6	156 7	156 7	167 6	+0 3	1 55
Capital Reserve Acc	0	84.13	84 13	64 18	+0 05	4.73
Comm & Energy	6	97 12	97 13xd	103 9	+1.6	1 01
1992 Enterprise	6	55 40	56 46	60 86	+0.59	3 00
European Capital	6	82 23	82.78	88 66	+0.09	0 85
General	6	172 1	172.3	184 3	+1 3	2 44
Japan	6	107 2	109 0	115 9	+0 5	0 00
Momentum	6	82 02	82.02	87.73	+0.31	1 63
UK Growth Acc	6	196 3	196.3	210 00	+0.5	1 07
UK Growth Dist	6	130.9	130 9xd	140 1	+0 3	1 61
US Emerging Cos	6	49 47	51 23	54 49	+0 12	0 00
Income & Growth	6	286 3	286 4	306 4	+2 1	3.35
Ethical	6	47 93	49 00	52.19	+0 21	2.40

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5	27 52	27.52xd	29.38	-0 01	4 18
European	5½	58 96	59 04	63 02	+0.30	0 00
European Income	5½	57 85	57.85	61.76	+0 04	1.28
Exempt	1	780 9	780 9xd	815 0	+5 00	3 40
Extra Income	5	42 38	42.38xd	45 25	+0 41	4.32
F East Emerg Cos	5½	39 45	39.74	42.56	+0 33	0 00
Fund Inv Tst	5	116 3	116.3xd	124 1	+0.50	1 90
Do Accum	5	177 3	177.3xd	189.2	+0.80	1 90

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GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Capital & Equity	5	63.92	66.54	70.79	+0.09	0.80
European	5	62.56	62.94	66.96	+0.01	0.16
Far Eastern	5	57.79	59.74	63.55	+0.48	0.87
Growth Inc	5	88.83	91.99	97.87	+0.21	1.43
Growth Acc	5	88.83	91.99	97.87	+0.21	1.45
Income Inc	5	81.63	85.34	88.66	+0.01	3.53
Income Acc	5	81.63	83.34	88.66	+0.01	3.53
Property Share	5	54.31	54.31	57.88	+0.15	1.08
Smaller Co's	5	58.54	61.78	65.71	-0.01	1.47
Formerly RBC Trust Managers Ltd						
Nth American	5	55.83	55.83	59.70	-0.02	1.79
International	5	40.54	45.54	48.70	+0.19	1.47
Wright Seligman Fund Mngrs Ltd (1000)H						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Growth	5	98.89	98.49	103.49	.....	3.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484-602250						
Yorkshire General	5¼	61.90	64.27	68.37	(z)	2.80
YUTM UK Eqty Inc Tst	5¼	59.43	61.60	65.53	(z)	4.67
YUTM Intl Gwth Tst	5¼	47.79	47.79	51.05	(z)	1.07

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l Expt April 19	451.9	470.5	.....	-
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Mar 31	498.00		.....	4.76
Fxd Int Sec Mar 31	142.20		.....	10.06
Deposit Mar 31	100.00		.....	12.56
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Mar 31	472.94		.....	5.00
Accum Mar 31	1541.14		.....	-
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Apr 26	129.4	135.0	+2.2	1.70
Managed Apr 26	126.7	131.4	+0.1	2.19
Japan Apr 27	137.7	141.5	+1.0	0.14
Pacific Apr 21	437.8	449.9	+2.8	0.21
Sm Jap Cos Apr 21	254.8	261.9	-1.9	0.10
Fidelity Investment Services Ltd				
Mngd Pens P'folio	118.5	121.8	+1.00	1.56
Robert Fleming Asset Mngmt Ltd				
Am Exempt Apr 25	£367.14	372.44	.....	1.88
Gen Exempt Apr 25	£121.17	123.64	.....	3.67

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc	258.3	271.9	+0.1	-
Equity Acc	823.8	867.2	+3.6	-
Property Acc	488.2	513.9	+0.1	-
Far East Acc	197.6	208.8	+1.9	-
European Acc	21.7	22.9		-
Managed Acc	651.7	686.0	+0.5	-
Managed Cap	370.5	390.1	+1.4	-
O'seas Earnings Acc	546.4	573.2	+1.0	-
Gilt Edged Acc	310.8	327.2	+0.4	-
American Equity Acc	423.0	445.3	+0.2	-
American Man. Acc	196.7	207.1	+0.2	-
American Prop Acc	139.5	146.7	+0.4	-
Pen. F.I. Dep. Cap	284.4	299.4	+0.2	-
Pen. F.I. Dep. Acc	484.9	510.5	+0.1	-
Pen. Prop. Cap	571.6	601.7	+0.2	-
Pen. Prop. Acc	1076.1	1132.8	+0.2	-
Pen. Man. Cap	797.4	839.4	+4.1	-
Pen. Man. Acc	1500.7	1579.7	+7.8	-
Pen. Gilt Edg. Cap	313.2	329.7	+0.4	-
Pen. Gilt Edg. Acc	481.7	[illegible]	+0.7	-
Pen. Eq. Cap	1305.2	1373.9	+7.9	-
Pen. Eq. Acc	1861.9	1959.9	+11.4	-
Pen. Am. Eq Cap	135.9	143.1	+0.2	-
Pen. Am. Eq Acc	163.3	171.9	+0.2	-
Pen. Far East Cap	235.8	248.3	+1.6	-
Pen. Far East Acc	283.5	298.5	+2.0	-
Pen. Euro Cap	24.5	25.8	+0.4	-
Pen. Euro. Acc	26.5	27.9	+0.4	-
Pen. B.S. Acc	530.1	556.7	+0.2	-
Pen. B.S. Cap	319.7	335.7	+0.1	-
Pen. O.A.F. Acc	371.7	372.7	+0.1	-
Pen. O.A.F. Cap	251.6	251.6	+0.1	-
Pen. Mortgage Cap	143.0	150.6	+0.1	-
Pen. Mortgage Acc	172.0	181.1	+0.2	-
Baring Funds				
Pen Equ Cap	27.6	29.1	+0.4	-
Pen Equ Acc	28.5	30.1	+0.4	-
Pen Acc Eq Cap	30.0	31.6	+0.1	-
Pen Acc Eq Acc	31.0	32.7	+0.2	-
Pen Far East Cap	30.0	31.6	-	-
Pen Far East Acc	31.0	32.7	-	-
Pen Euro Cap	32.7	34.5	-	-
Pen Euro Acc	34.8	36.8	-	-
James Capel Funds				
Pen Equ Cap	28.3	29.8	-	-
Pen Equ Acc	29.5	30.9	-	-
Pen Am Eq Cap	29.3	31.1	+0.1	-
Pen Am Eq Acc	30.6	32.3	+0.2	-
Pen Far East Cap	29.9	31.5	+0.2	-
Pen Far East Acc	30.9	32.6	+0.2	-
Pen Euro Cap	30.1	31.7	-	-
Pen Euro Acc	31.1	32.8	+0.1	-

Ambassador Life Assce. Co Ltd

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-79, Perrymount Road, Haywards Heath 0444 458721				
American	113 0	119 0	.....	-
Building Soc. Fd.	169 0	178 0	.....	-
Balanced	278 0	293 0	.....	-
European	161.0	170 0	.....	-
G7 Managed	167 0	176 0	.....	-
Gartmore Mngd	114 0	120 0	.....	-
German	112 0	118 0	.....	-
Gilt	176 0	186.0	.....	-
Global	48 0	51 0	.....	-
High Inc	117 0	124.0	.....	-
International Equity	155 0	195 0	.....	-
Japan	239 0	252 0	.....	-
Managed	63 8	67 0	.....	-
Property	276 0	291 0	.....	-
P. W. Imperial Gold	139 0	147 0	.....	-
UK Equity	375 0	395.0	+1.0	-
Pension Funds				
American	143 0	151 0	.....	-
Building Soc. Fd	168 0	177.8	.....	-
Balanced	213 0	225 0	.....	-
European	160 0	169 0	.....	-
German	103 0	109.0	.....	-
Gilt	148 0	156 0	.....	-
International Equity	137 0	145 0	.....	-
Japan	135.0	143 0	.....	-
Managed	64 0	68 0	.....	-
Property	213 0	225 0	.....	-
UK Equity	335.0	353.0	+1 0	-
Prolific Life & Pensions Ltd				
Stramongate Kendall Cumbria LA9 4BE 0579 33733				
Managed Fund see Balanced Growth Managed Fund				
Balanced Gwth Mngd	571 9	602.7	(z)	-
Adventurous Mngd	120 9	127.3	(z)	-
Secure Mngd	100 2	112.0	(z)	-
Cash Fd	230 6	243 0	(z)	-
Property Fund	282 2	300.3	(z)	-
Equity Fund	631.3	671.7	(z)	-

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group (a)

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1988: 107.9 and for March 1989: 112.3.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

1989 High	1989 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	26¼	Abbott Laboratories‖	31¼xd	–¼	$1.20	–	2.2
537p	361p	♥Allegheny & W 1c	515p	+1	30c	–	3.4
15	12	Amax $1	14½	–⅛	40c	–	1.6
11¾	956p	Amdahl 5c	11¼xd	....	b10c	–	0.5
31¾	25½	Amer. Cyanamid $5	31¼	–⅛	$1.20	–	2.2
19¼	14	Amer. Express 60c	10¾xd	–⅛	84c	–	2.6
12¾	854p	Amer. Medical Int. $1	12¼	......	φ72c	–	3.3
20¾	15¼	American T. & T. $1	20	–1/16	$1.20	–	3.4
32¼	26	Ameritech $1	32¼	....	h$2.92	–	5.3
14	9⅛	BankAmerica $1	14	+	60c	–	2.4
25¾	19⅛	Bankers N.Y. $1	25xd	+	$2.08	–	4.8
47¼	38½	Bell Atlantic $1	47¼	+⅛	$4.08	–	5.0
26⅛	19⅝	BellSouth Corp.	26⅛	+⅛	$2.52	–	5.6
15⅝	12	♥Bethlehem Steel $8	13xd	–⅛	–	–	–
11⅝	929p	♥Bio-Rad Labs. A	11¼	......	–	–	–
17⅛	15¼	Bowater Inc.	16⅝	–¼	$1.12	–	4.0
12	9¼	Brunswick 75c	11xd	–	44c	–	2.3
33⅝	28⅛	CPC Intnl. 25c	33	–	$1.60	–	2.8
19¼	17⅝	CSX $1	19	–⅛	$1.24	–	3.8
798p	333p	California Engy	630p	+2	–	–	–
25½	17¼	Campbell Soup 15c	24	–	92c	–	2.2
22	15	Chase Manhattan $12½	21xd	+	$2.36	–	6.4
21½	17	Chem. Banking Corpn	21⅝	+⅛	$2.72	–	7.4
16¼	14	Chrysler $6¼	14⅛xd	+	$1.20	–	5.0
17¾	14	Citicorp $1	17xd	–	$1.48	–	5.0
230p	162p	CityFed Fin. Corp	169p	–7	4c	–	1.4
29⅛	25¼	Colgate-Palmolive $1	20xd	+	s$1.48	–	3.0
21½	16¾	Cons Freightways 62½c	10⅛	–⅛	98c	–	3.1
11⅝	10¼	Cont'l Bank Corp $4	11⅝	+⅛	8c	–	0.3
387½p	300p	♥Corporate Data Scncr	334p	–3	–	–	–
386p	278p	Cullinet Sftwr 1c	316p	+15	–	–	–
24⅛	21	Dana Corp. $1	24⅛	....	$1.60	–	3.9
10	854p	Data General	10⅝	....	–	–	–
32¼	28⅛	Dun & Bradstreet $1	31⅝	–⅛	$1.74	–	3.2
34	30½	Eaton Corpn. 50c	34⅝xd	–⅛	h$2.00	–	3.4
10¼	8¾	Echlin Inc.	10⅝xd	+¼	70c	–	4.0
18	16¾	FPL Group 1c	17¼xd	–⅛	$2.20	–	7.2
32⅛	27⅛	Ford Motor $1	20	–¼	$3.00	–	6.2
35⅛	30	GATX 62½c	34	+⅛	$2.00	–	3.4
28¼	24¼	Gen. Elect. 63c	20¼xd	....	$1.64	–	3.4
567p	484p	♥General Host Corp $1	500p	–7	28c	–	3.3
22	18¼	Gillette $1	22½	–	96c	–	2.5
769p	616p	Gt Am First Svgs Bk $1	728p	–28	60c	–	4.8
14	16	Greyhound $1½	10	–⅛	$1.32	–	4.2
11½	847p	Hasbro Inc 50c	10¼	–	16c	–	0.9
8	6	Home Group $1	7xd	+	20c	–	1.5
43⅛	32¾	Honeywell $1½	42	–	$2.10	–	2.9
17¼	15¼	Houston Inds ‖	17	–¼	$2.96	–	10.2
74⅛	63	IBM Corpn $1¼	67	+	$4.84	–	4.2
52p	45p	♥Imagr Storage/R Sys.1c	45p	.	–	–	–
23	18¾	Ingersoll-Rand $2	22xd	+	$1.04	–	2.7
29⅛	22½	Lockheed Crpn $1	27⅛xd	+¼	$1.60	–	3.4
18	15	Lone Star Inds $1	17xd	–	$1.90	–	6.2
20¾	17½	Louisiana Land 15c	20½xd	–⅛	$1.00	–	2.8
14¼	11½	Lowe's 50c	14⅛	......	48c	–	1.9
21	15	Manfl. Hanover $1	21	......	$3.28	–	9.1
17	13	Merrill Lynch $1	16¾	..	$1.00	–	3.5
2253p	1910p	Mclex Inc.	2004p	+75	3.2c	–	–
23⅛	18⅛	Morgan (JP) $2½	21xd	+¼	$1.66	–	4.4
43⅛	36⅛	NYNEX $1	43⅛	+¼	$4.04	–	5.5
20¾	18¼	PHH Corp. ‖	20½	+¼	$1.12	–	3.2
244p	220p	♥Pacific Agr.‖	244p	+4	–	–	–
21⅛	19	Pacificorp $3¼	21⅛xd	..	$2.64	–	7.2
22	16	Pacific Telesis 10c	21¼	–¼	$1.76	–	4.7
18⅛	15¼	Pall Corp 25c	18⅛	....	48c	–	1.5
50	39	Pennzoil 83 1/3c	50⅛	–¼	$3.00	–	3.5
21⅛	17	Premark Intl.	21⅝	+½	60c	–	1.6
33	28⅛	Quaker Oats $5	33xd	+	$1.20	–	2.1
26¼	23½	Rep NY Corpn $5	25⅛	....	$1.28	–	2.9
13¼	11	Rockwell Intl $1	12xd	.....	72c	–	3.2
28⅛	21⅛	Southwestern Bell $1	28⅛	+⅛	$2.48	–	5.1
23⅝	17	Sun Co. Inc. $1	23	–	$1.80	–	4.5
26⅛	22	TRW Inc. 62½c	26⅛	+⅛	$1.72	–	3.8
19	14⅛	TW Services $5	19	...	10c	–	0.3
30¾	26¼	Tenneco $5	30½	–⅛	$3.04	–	5.8
32¼	28	Texaco $6.25	31½xd	–⅛	φ$3.00	–	5.5
25	21⅛	Texas Instr. $1	23½xd	–⅛	72c	–	1.8
69⅛	58⅛	Time Inc. $1	69⅛	+	$1.00	–	0.8
17¼	15	TRINOVA Corp.	16xd	+	64c	–	2.3
20⅛	16	USX $1	19¼	–⅛	$1.40	–	4.1
164p	126p	♥Unilab.	160p	......	–	–	–
28⅛	22⅛	Utd. Technologies	28⅛	...	$1.60	–	3.3
158p	128p	♥Utilitech Inc.	118p	–2	–	–	–
37¼	31½	US West‖	37¼xd	..	$3.76	–	5.9
28	22⅛	Waste Management $1	27½xd	–⅛	48c	–	1.0
16¾	13½	Whirlpool $1	16¼	...	$1.10	–	3.8
19⅝	16	Whitman Corp	19⅛xd	–	96c	–	2.9
31¾	28⅛	♥Woolworth $3½	30	–	$1.64	–	3.1

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

Aitken Hume
30 City Road, EC1Y 2AY 01-638 6070

Treasury Acc.	12.00	9.39	12.71	Qtr
Mth Int Chq £1000-£5000	11.75	9.19	12.54	Mth
Mth Int Chq £5,000+	12.00	9.39	12.81	Mth

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN 01-625 7000

2,000-9,999	11.726	9.176	12.662	Qtr
£10,000+	12.052	9.431	13.026	Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH, 01-601 6746

LONDON SHARE SERVICE

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CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
157p	129p	♥48M Gold Corp ‖	110p	....	–	–	–
23¼p	4½p	♥Abbot Energy Corp.	23¼p	+5	–	–	–
13¼	902p	♥Amer Barrick Res.	12⅞	+⅛	–	–	–
3¼p	2½p	♥Amer Lightwave ‖	2½p	......	–	–	–
19¾p	12¼p	♥Armeno	17½p	+⅛	–	–	–
307p	94c	♥Asiamerica Hldgs ‖	297p	+1	–	–	–
33¼p	21p	♥Augmitto Explo.	21¼p	–½	–	–	–
14⅝	12⅞	Bk Montreal ‖	14⅝	+⅛	52.12	–	7.0
762p	655p	Bk Nova Scot. ‖	743p	–10	84c	–	5.4
18¼	17	BCE ‖	18⅛	..	52.44	–	6.5
768p	570p	♥Bow Valley ‖	766p		♦40c	–	2.5
14¼	12⅛	♥Brascan ‖	13¼	..	88c	–	3.1
228p	175p	♥Breakwater Res.	176p	–4	10c	–	2.7
14	11¼	Can Imp Bank ‖	13½	–⅛	51.16	–	4.1
12½	9⅞	Can Pacific ‖	11½	...	76c	–	3.2
41½	38½	Do 4pc Deb £100.	41½	..	4%	–	9.6
511p	374p	Central Capital "4" ‖.	465p	–4	–	–	–
448p	340p	♥Corona Corp	390p	+7	–	–	–
373p	228p	♥Cons TVX Min	335p	+8	–	–	–
48½p	18¼p	♥Danbos Mem. Syst. ‖.	19⅞p	+1⅛	–	–	–
640p	524p	♥Derlan Inds ‖	632p	+2	11.75c	–	0.9
953p	751p	♥Echo Bay Mines	849p	–9	S0.07	–	0.4
572p	370p	♥ECO Corp ‖	415p	–5	–	–	–
234p	192p	♥Galactic Resources.	225p	...	–	–	–
330p	243p	Gandalf Techs. Inc.	261p		–	–	–
541½p	27¼p	♥GeoDome Res.	34½p	–1½	–	–	–
183p	138p	Granges Explo ‖	149p	–3	–	–	–
27½p	6p	♥Gt Pacific Res.	14⅞p	+1⅛	–	–	–
784p	651p	♥Gulf Canada ‖	774p	–10	52c	–	3.2
12½	10¼	♥Hawker Sid Can ‖	12⅛	..	51.06	–	4.2
611p	346p	♥Henlys Group	607p	+14	–	–	–
13¼	11⅛	♥Hudson's Bay ‖	13		60c	–	2.2
28⅛	23	♥Imperial Oil ‖	20⅞	–⅛	S1.80	–	3.2
18⅝	14⅛	Inco ‖	18⅛	–⅛	S0.80	–	2.6
686p	599p	♥Inland Nat. Gas $1.	682p	–4	60c	–	4.2
290p	102p	♥Madeleine Mines	210p	–7	–	–	–

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£144	£129	Lafarge Cop. F100	£142	–1	Q25%	5.3	1.6	11.6
570	275	Laing (John)	350	+2	12.0	♦	4.6	♦
405	285	Latham (J.) £1	380	...	19.5	4.1	3.3	9.7
157	121	Lawrence (W.)	152	+2	7.5	♦	6.6	♦
160	127	Do 8.5pc CmRdPf £1	159½	+2	8½%	–	7.1	–
67	48½	Lilley (F.J.C.) 12½p	64	+1½	a1.64	♦	3.4	♦
103	97	♦Lon & Clydeside	98	...	5.7	1.9	7.8	9.1
275	214	Lovell (Y.J.)	265	+2	6.65	3.9	3.3	10.1
366	297	McAlpine (Alfred)	363	+6	16.1	2.1	5.9	10.7
407	334	McCarthy & Stone 20p	552	+2	5.14	8.5	1.9	8.0
•315	305	McLaughlin & H.	310	..	Q9.0	3.5	3.9	10.2
313	178	Magnet	290	+1	416.9	2.7	3.2	15.3
103	68	Do 5¾pc Pf 2012	90	–1	5.63	–	8.3	–
240	194	Manders (Hldg).	228	...	6.35	1.9	3.8	16.5
192	141	Marley	160	+3	6.35	q2.5	5.3	9.4
274	228	Marshalls	264	+1	†7.25	3.5	3.7	10.2
113½	97	Do 6½pc Cv Cm Red Pf.	131½	+½	6.5	–	7.8	–
124	101	Maunders (J.) 20p.	114	–1	†3.15	3.8	3.7	9.4
473	344	Meyer Int.	438	+4	9.5	5.3	2.9	8.7
256	151	Miller (Stan) 10p.	256	+13	4.0	♦	2.1	♦
458	344	Mowlem (J.)	411	+6	19.5	♦	6.3	♦
100	69	NSM 10p	96	....	F3.0	–	4.2	–
96	76	♦Needler Group ‖	96	.....	Q9.8	♦	4.9	♦
2063	1856	Newarthill £1	2045	.....	s15.0	♦	1.0	♦
211	160	Newman-Tonks	208	+1	8.5	1.9	5.4	13.2
•197	139	Persimmon 10p	162	+2	5.0	5.0	4.1	6.1
91	70	Phoenix Timber	71	+1	†2.5	3.3	4.7	7.0
1450	1025	Pochins	1425	.....	19.0	8.4	1.8	8.9
157	113	Polypipe 10p	154	+3	†2.1	3.6	1.8	19.6
171	140	Prowting 20p	152	+2	W4.25	3.5	3.7	10.3
699	503	RMC	470	+10	14.5	q3.8	2.9	11.5
111	82	Raine Inds. 10p	108	+1	†3.0	2.5	3.7	12.5
182	140	♦Ramus	188	..	17.0	2.7	5.2	9.7
•540	415	Redland	534	+7	†15.85	2.6	4.0	11.3

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ▼ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ◆ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	93	......
Craig & Rose £1... y	720	......
Finlay Pkg. 5p.... y	41	......
Holt (Jos) 25p..... y	1300	+15

IRISH

Cap. 9½% Ln. 1991...	£99¼	......
9pc Cap Ln. 1996..	£99¼	−¼
Fin. 13% 97/02...	£120	......
Arnotts..................	455	......
Carrol (P.J.)........ y	152	......
Hall (R. & H.).......	155	+2
Helton Hldgs....... y	76	−1
Irish Ropes...........	190	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	18
BAT	48
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	13
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	13
Midland Bk	35
Morgan Grenfell	20
HEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	13
Polly Peck	28
Racal Elect	28
RHM	32
Rank Org Ord	63
Reed Intal	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	13
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50

Oils

Brit Petroleum	21
Do Int. Certs	12
Burmah Oil	40
Calor	35
Charterhall	2½
Premier	9
Shell	80
Ultramar	21

Mines

Cons Gold	108
Lonrho	30
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar surges on GNP data

CONFUSION FOLLOWED publication of first quarter US Gross National Product figures. According to a survey by IDEA, some 66.7 per cent of respondents thought the implicit price deflator - a measure of US inflation - would be the single most important feature for the dollar of the GNP report, with only 22.2 per cent believing the overall GNP figure was the most important.

This suggests wby the dollar fell on news that tbe price deflator rose only 3.9 per cent in the first quarter, compared with 5.3 per cent in the fourth quarter. A survey by MMS International forecast a rise of 4.8 per cent. The market initially regarded this as an indication that inflation was not strong enough to justify tighter US monetary policy.

Tbe dollar was trading at around DM1.8700, hut immediately fell to DM1.8655, before rising equally suddenly as dealers responded to a higher than expected rise of 5.5 per cent in first quarter GNP growtb, compared with 2.4 per cent in tbe fourth quarter. A survey hy MMS suggested a likely rise of 5.0 per cent. The dollar rose quickly through DM1.8700, and closed at DM1.8785 in London, compared with DM1.8650 on Tuesday.

Later in New York tbe US currency was hovering around DM1.88, amid suggestions that if it broke though that level it could go up to DM1.90, but that tbe US Federal Reserve and the West German Bundeshank were likely to intervene to prevent such a move.

The decision to concentrate on the headline GNP figure seemed to ignore several other factors however. The sharp rise in the first quarter, when compared with the fourth quarter, was largely a reflection of increased agricultural production, as the economy returned to a level unaffected by last summer's drougbt. Non-farm growth during the period fell to a seasonally adjusted annual growth rate of 3 per cent, from 3.5 per cent.

Nevertheless the dollar rose against all major currencies, to close in London at Y132.20, compared with Y131.35; to SFr1.6580 from SFr1.6445; and to FFr6.3575 from FFr6.3100. According to tbe Bank of England the dollar's exchange rate index rose to 68.4 from 68.0.

The other major economic event of the day was publication of the UK trade figures. The visihle deficit of £1.7bn and a current account shortfall of £1.2hn in March were an improvement on the February figures and better than most forecasts. The market was expecting a visihle deficit of around £2hn and a current account deficit of £1.5bn.

Sterling was hit by the rising dollar, falling 1¼ cents to $1.6885, while fading speculation about a rise in UK interest rates, and douhts that the figures represent a sustainahle turnround in the trade position, limited gains against other currencies. The pound closed unchanged at DM3.1725, and rose to SFr2.8000 from SFr2.7975 and to FFr10.7350 from FFr10.7325, hnt eased to Y223.25 from Y223.50. On Bank of England figures, sterling's index fell 0.2 to 95.1.

£ IN NEW YORK

Apr.26	Latest	Previous Close
£ Spot	1.6985-1.6990	1.6992-1.6999
1 month	0.43-0.42pm	0.43-0.42pm
3 months	1.22-1.20pm	1.30-1.27pm
12 months	4.00-3.90pm	4.30-4.20pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.26	Previous
8.30 am	95.1	95.2
9.00 am	95.1	95.3
10.00 am	95.2	95.3
11.00 am	95.1	95.2
Noon	95.2	95.3
1.00 pm	95.2	95.3
2.00 pm	95.2	95.3
3.00 pm	95.1	95.3
4.00 pm	95.1	95.3

CURRENCY RATES

Apr.26	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.765284	0.654876
U.S. Dollar	7	1.30213	1.11224
Canadian $	12.39	1.54797	1.32357
Austrian Sch.	5	N/A	14.6438
Belgian Franc	7.75	50.8482	43.5359
Danish Krone	7½	9.45346	8.09267
Deutsche Mark	4.50	2.42990	2.07989
Neth. Guilder	5.50	2.74033	2.34616
French Franc	9½	8.22621	7.03604
Italian Lira	13½	N/A	1525.16

*All SDR rates are for Apr.26

OTHER CURRENCIES

Apr.26	£	$
Malaysia	4.5425-4.5540	2.6855-2.6875
Mexico	4085.00-4104.25	2415.00-2425.00
N. Zealand	2.7460-2.7510	1.6240-1.6265
Saudi Ar	6.3445-6.3485	3.7500-3.7510
Singapore	3.2935-3.2990	1.9450-1.9470
S. Af (Cm)	4.3145-4.3255	2.5500-2.5530
S. Af (Fn)	6.8950-7.0380	4.0735-4.1580
Taiwan	45.25-45.45	26.75-26.85
U.A.E.	6.2140-6.2180	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5359	+2.54	+0.86	±1.5344
Danish Krone	7.85212	8.09267	+3.06	+1.38	±1.5404
German D-Mark	2.05853	2.07989	+1.04	-0.64	±1.0981
French Franc	6.90403	7.03604	+1.91	+0.23	±1.3674
Dutch Guilder	2.31943	2.34616	+1.15	-0.53	±1.5012
Irish Punt	0.768411	0.779864	+1.49	-0.19	±1.6684
Italian Lira	1483.58	1525.16	+2.80	+1.82	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Apr.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6880-1.7000	1.6880-1.6890	0.42-0.39cpm	2.88	1.20-1.15pm	2.78
Canada	2.0090-2.0230	2.0105-2.0115	0.09pm-0.02cdis	0.21	0.34-0.14pm	0.49
Netherlands	3.57¼-3.58½	3.57¼-3.58¼	2-1⅞cpm	6.50	5⅝-5⅛pm	6.15
Belgium	66.25-66.60	66.30-66.40	29-27cpm	5.06	85-81pm	5.00
Denmark	12.33¼-12.36½	12.33½-12.34¼	4½-4⅛orepm	4.19	12⅞-12pm	4.03
Ireland	1.1865-1.1925	1.1905-1.1915	0.45-0.40ppm	4.28	1.20-1.10pm	3.86
W. Germany	3.16¾-3.18	3.17-3.17½	1⅞-1¾pfpm	6.86	5¼-5⅛pm	6.62
Portugal	261.25-263.35	262.05-263.05	16-12cpm	0.64	36-54dis	-0.69
Spain	196.40-197.35	196.40-196.70	5-6cdis	-0.34	23-1pm	0.24
Italy	2321½-2329½	2324½-2325½	3-1lirepm	1.03	9-7pm	1.38
Norway	11.49¾-11.53¾	11.49¾-11.50¼	1¾-1⅞orepm	1.63	5⅛-5⅜pm	1.89
France	10.72¾-10.75½	10.73-10.74	4-3⅞cpm	4.40	11⅞-11⅛pm	4.29
Sweden	10.76¾-10.80½	10.76¾-10.77¾	1½-1⅛orepm	1.53	4⅜-3⅝pm	1.49
Japan	222¾-224	222¾-223¾	1¾-1⅝ypm	9.07	4⅞-4⅝pm	8.40
Austria	22.25-22.36	22.30-22.33	12⅞-11½gropm	6.42	36⅝-33⅞pm	6.30
Switzerland	2.79½-2.80⅛	2.79½-2.80½	1⅝-1⅝cpm	6.43	4⅝-4⅜pm	6.43

Belgian rate is convertible francs. Financial franc 66.55-66.65. Six-month forward dollar 2.25-2.20cpm 12 months 4.00-3.90cpm Correction for Apr.25 Portugal Close,261.50-262.50.

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6880-1.7000	1.6880-1.6890	0.42-0.39cpm	2.88	1.20-1.15pm	2.78
Ireland†	1.4215-1.4275	1.4215-1.4225	0.17-0.22cdis	-1.64	0.45-0.55dis	-1.41
Canada	1.1870-1.1910	1.1895-1.1905	0.24-0.28cdis	-2.62	0.67-0.83dis	-2.52
Netherlands	2.1005-2.1195	2.1185-2.1195	0.59-0.57cpm	3.29	1.62-1.59pm	3.04
Belgium	39.05-39.35	39.25-39.35	7.50-6.00cpm	2.06	20.50-17.50pm	1.94
Denmark	7.25½-7.31	7.30¼-7.31	0.90-0.70orepm	1.32	2.10-1.70pm	1.04
W. Germany	1.8655-1.8790	1.8780-1.8790	0.63-0.60pfpm	3.94	1.67-1.62pm	3.51
Portugal	154.65-155.20	155.10-155.20	35-50cdis	-3.29	220-320dis	-2.89
Spain	115.85-116.45	116.35-116.45	20-30cdis	-2.58	65-75dis	-2.41
Italy	1369-1377¼	1376¼-1377¼	1.50-2.00liredis	-1.53	5.50-6.00dis	-1.67
Norway	6.77-6.81¼	6.80¼-6.81¼	0.65-0.90oredis	-1.37	1.75-2.05dis	-1.12

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.40-39.50.

EXCHANGE CROSS RATES

S Fr.	0.357	0.603	1.133	79.75	3.836	1	
H Fl.	0.279	0.472	0.887	62.41	3.002	0.783	1
Lira	0.430	0.726	1.365	96.04	4.619	1.204	1.539
C $	0.497	0.840	1.578	111.0	5.341	1.392	1.779
B Fr.	1.507	2.546	4.782	336.5	16.19	4.220	5.393

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Sterling prices firmer

SHORT STERLING futures finished up from the close on Tuesday in the Liffe market yesterday, but were still well down from the day's highs. The best point of the day was attained soon after news of a smaller than expected UK March trade deficit. However, many investors were content to take profits at the day's highs.

Subsequent analysis also suggested that a potentially unsustainable decrease in car imports made the overall deficit better than the underlying trend may suggest. Consequently, the June short sterling price slipped from a high of 87.09 to finish at 86.97, although this was still well up from the opening level and Tuesday's close, both at 86.70.

US Treasury bond futures showed a mixed response after the release of first quarter US GNP data. The June price touched a high of 90-05 after a smaller than expected inflation figure - as measured by the implicit price deflator - but finished below its best level at 89-24, marginally firmer than the opening level of 89-23 and Tuesday's close of 89-22.

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6885	1.6845	1.6768	1.6663	1.6490

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.6856	1.6930	1.6840	1.6914
Sep	1.6738	1.6800	1.6726	1.6790
Dec	1.6640	-	1.6640	1.6696

EUROPEAN OPTIONS EXCHANGE

MONEY MARKETS

More relaxed mood

UK INTEREST rates were marked down in London yesterday in reaction to a smaller than expected trade deficit in Marcb. The key three-montb interbank rate fell to 13$\frac{1}{16}$-12$\frac{15}{16}$ per cent from 13¼-13⅛ per cent at the start and 13⅜-13¼ per cent on Tuesday.

A lower than expected US inflation figure for tbe first quarter was also a factor in encouraging dealers to mark rates lower. While analysts remain unconvinced that Mr Nigel Lawson, UK Chancellor, may even yet be unahle to avoid another rise in hase rates, the possibility of higher rates has been postponed, at least for the time being.

UK clearing bank base lending rate 13 per cent from November 25

Overnight money touched an early high of 11½ per cent before easing to 10¼ per cent. However, renewed demand pushed hids up to 13 per cent before slipping away to 9 per cent.

The Bank of England forecast a sbortage of around £200m. Factors affecting the market included bills maturing in official hands draining £91m and Exchequer transactions a further £35m. There was also a rise in the note circulation of £120m. These were partly offset hy banks' balances brought forward £40m above target.

The forecast was revised to a sbortage of around £350m, and tbe Bank gave sssistance in the morning of £300m through outright purchases of eligible bank bills at 12⅞ per cent.

The shortage was further revised, this time to a shortage of £300m, but the Bank gave no further assistance in the afternoon.

In Frankfurt, the Bundesbank accepted bids for DM6.2bn at its latest sale and repurchase auction at rates of between 6.1 per cent and 6.5 per cent. Commercial banks hld for a total of DM29bn, and 50 per cent of successful bids were accepted at the lowest allotted level of 6.1 per cent.

The agreement coincided with a maturing facility whicb drained DM6bn from the system. Next week, two sale and repurchase agreements will mature, draining DM37.1hn from the market. Fnrther details of a fresh facility are expected tomorrow - rather than on Monday - since West German centres are closed on that day for a public holiday.

In New York, the US Federal Reserve antered the money market to provide reserves through overnight repurchase agreements. The addition of funds was a little more than expected, and at the time of the intervention, Fed funds were trading at 9$\frac{13}{16}$ per cent against 9⅞ per cent on Tuesday.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.26) 3 months US dollars		6 months US Dollars	
bid 9$\frac{15}{16}$	offer 10$\frac{1}{16}$	bid 10$\frac{1}{16}$	offer 10$\frac{3}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11½
Broker loan rate	10⅞-½
Fed. funds	9$\frac{13}{16}$
Fed. funds at intervention	9$\frac{13}{16}$

Treasury Bills and Bonds

One month	0.16	Three year	9.26
Two month	8.64	Four year	9.21
Three month	8.88	Five year	9.16
Six month	9.15	Seven year	9.13
One year	9.20	10-year	9.08
Two year	9.34	30-year	8.95

Apr.26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	5.95-6.05	6.10-6.25	6.25-6.40	6.45-6.60	6.60-6.75	6.00
Paris	8⅞-8⅝	8⅞-8$\frac{13}{16}$	0$\frac{13}{16}$-8$\frac{13}{16}$	8⅞-8⅞	8$\frac{13}{16}$-8$\frac{13}{16}$	7.25
Zurich	5⅞-6⅛	6⅛-6⅞	-	6½-6⅞	-	-
Amsterdam	6.12-6.25	6.75-6.85	-	6.90-7.00	-	-
Tokyo	4$\frac{1}{16}$-4$\frac{3}{16}$	4$\frac{13}{16}$-4$\frac{15}{16}$	-	4$\frac{13}{16}$-4⅞	-	-
Milan	12⅞-12⅞	11⅞-12⅛	-	12⅞-12⅝	-	-
Brussels	7.25	8⅞-8⅞	-	8⅞-8⅞	-	-
Dublin	8⅞-8⅞	8⅞-8⅞	8¾-9	9-9⅛	9⅞-9⅞	-

LONDON MONEY RATES

Apr.26	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13	12½	12$\frac{15}{16}$	13$\frac{1}{16}$	13⅛	13⅛
Interbank Bid	9	11½	12¾	12$\frac{15}{16}$	13	12⅞
Sterling CDs	-	-	12$\frac{13}{16}$	12$\frac{15}{16}$	12$\frac{15}{16}$	12⅞
Local Authority Deps.	11⅛	11⅞	12$\frac{13}{16}$	12$\frac{15}{16}$	12$\frac{15}{16}$	12$\frac{15}{16}$
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	13	12¼	12½	12⅝	-	-
Company Deposits	-	-	13$\frac{1}{16}$	13$\frac{1}{16}$	13$\frac{1}{16}$	13$\frac{1}{16}$
Finance House Deposits	-	-	12⅞	13$\frac{1}{16}$	13$\frac{1}{16}$	13$\frac{1}{16}$
Treasury Bills (Buy)	-	-	12$\frac{13}{16}$	12$\frac{13}{16}$	-	-
Bank Bills (Buy)	-	-	12⅝	12⅝	12⅝	-
Fine Trade Bills (Buy)	-	-	13¼	13¼	13	-
Dollar CDs	-	-	9.90	10	10.15	10.30
SDR Linked Dep Offer	-	-	8¼	8½	8⅝	8¾
SDR Linked Dep Bid	-	-	8	8¼	8⅜	8½
ECU Linked Dep Offer	-	-	8¾	8⅝	8⅞	9⅛
ECU Linked Dep Bid	-	-	8½	8½	8⅝	9

Treasury Bills (sell); one-month 12$\frac{13}{16}$ per cent; three months 12$\frac{11}{16}$ per cent; Bank Bills (sell): one-month 12½ per cent; three months 12⅝ per cent; Treasury Bills; Average tender rate of discount 12.6126 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1989. Agreed rates for period April 26,1989 to May 23, 1989, Scheme I: 13.90 p.c., Schemes II & III: 14.37 p.c. Reference rate for period March 1 to March 31, 1989, Scheme IV&V: 13.068 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13½ from April 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1,1988, Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

COMPANY NOTICES

JOTTER PAD

CROSSWORD

No.6,920 Set by VIXEN

ACROSS

1 Mild as can be – so depressing (6)
4 A man taking a lot of interest in financial dealings (6)
8 Bill represents the currently popular view (7)
9 Ahandoned Conservative leader for a superior guy (4-3)
11 Put off housing record, landed in a poultry-shed! (4,6)
12 Having a credit-note, gives ground (4)
13 Short section of the matter set out (5)
14 Toiling for a living or getting money by corrupt means? (8)
16 Sped about at church to finish off (8)
18 Class of foreigners thrown by English (5)
20 Move when it's cooler (4)
21 No crate's in use, though receptacles are required (10)
23 Common sorts left behind (7)
24 A trouble-maker one and all makes charges against (7)
25 Stagger the rag-and-bone man (6)
26 Stick a little notice in this spot (6)

DOWN

1 In a small garden seedlings should be close-planted (5)
2 Needing props, he's the buyer (7)
3 The person planning for a constructive follow-up (9)
5 Article carried by 20 across in flight (5)
6 Withdraw soldiers over a wide area (7)
7 Mention the source of information (9)
10 Men only backed the man and he's found work in a theatre (5-4)
13 Tha handling of someone who is patient? (9)
15 Cheered a number with medical problem (9)
17 Drink about ten? That's a bad sign! (7)
19 Concerned with getting behind because honest (7)
21 Aches to be free to drive away (5)
22 Feel regret over accepting some decoration or other (5)

Solution to Puzzle No.6,919

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · FRANCE (continued) · GERMANY · GERMANY (continued) · ITALY · ITALY (continued) · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA (continued) · AUSTRALIA · HONG KONG · SINGAPORE

[illegible]

CANADA

TORONTO
4pm prices April 26

Quotations in cents unless marked $.

[illegible]

29291 Cominco	$25⅞	25¾	25¾	
19780 Connaught	$27⅝	27⅛	27⅛	− ⅛
98 C HCI A f	$16⅛	16⅛	16⅛	
22325 Con TVX	$6⅞	6⅞	6⅞	
3831 Cosum Gas	$25⅝	25⅛	25½	− ⅛
58200 Lac Mnrls	$12⅝	12½	12½	− ⅛
100 Lafarge p	$19	19	19	
10820 Laidlaw A	$17⅛	16⅞	16⅞	− ⅛
887347 Laidlw 0 f	$15⅞	15½	15⅝	− ⅛
$ Scot Paper	$17⅞	17⅞	17¾	
47438 Scotts I	$18½	18⅛	18⅛	
000 Scotts C	$18⅝	18⅝	18⅝	− ⅛
50838 Seagram	$85½	85⅝	85⅝	+ ⅛

MONTREAL
4pm prices April 26

[illegible]

37800 Power Corp	$15⅛	15	15⅛	+ ⅛
7474 Provigo	$9⅛	9⅞	9⅛	
100 SteinbrgA	$38	38	38	
11129 Videotron	$16⅞	16½	16⅞	+ ⅛

Total Sales 4,873,154 shares.

INDICES

NEW YORK — DOW JONES

	Apr 26	Apr 25	Apr 24	Apr 21	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2389.11	2386.91	2402.68	2409.46	2409.46 (21/4)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.53	88.45	88.37	88.33	89.62 (8/2)	87.35 (23/3)	-	-
Transport	1127.91	1129.85	1140.85	1136.64	1140.85 (24/4)	959.95 (3/1)	1140.85 (24/4/89)	12.32 (8/7/32)
Utilities	190.61	189.90	191.15	190.97	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2404.14 (2421.55) Low 2373.90 (2378.85)

STANDARD AND POOR'S	Apr 26	Apr 25	Apr 24	Apr 21	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	306.93	306.75	308.69	309.61	309.61 (21/4)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial (latest)	353.98	353.91	356.15	357.49	357.49 (21/4)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	28.47	28.50	28.70	28.83	28.83 (21/4)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	171.75	171.60	172.49	172.90	172.90 (21/4)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	343.41	343.07	342.76	342.59	343.41 (26/4)	305.24 (3/1)	365.61 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	423.38	422.71	423.18	423.76	423.76 (21/4)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Apr 21	Apr 14	Apr 7	year ago (approx.)
Dow Industrial Div. Yield	3.46	3.57	3.62	3.47
	Apr 19	Apr 12	Apr 5	year ago (approx.)
S & P Industrial div. yield	3.05	3.12	3.16	2.94
S & P Indl. P/E ratio	13.62	13.26	13.09	15.35

TRADING ACTIVITY † Volume Millions

	Apr 26	Apr 25	Apr 24
New York	146.090	165.430	142.881
Amex	9.743	12.025	10.728
OTC	(u)	123.650	98.172

NEW YORK	Apr 26	Apr 25	Apr 24
Issues Traded	1,942	1,966	1,947
Rises	719	681	639
Falls	686	820	788
Unchanged	537	465	520
New Highs	85	98	96
New Lows	17	20	19

CANADA

TORONTO	Apr 26	Apr 25	Apr 24	Apr 21	1989 High	1989 Low
Metals & Minerals	3347.0	3364.7	3376.3	3341.0	3564.9 (6/2)	3207.5 (3/1)
Composite	3578.1	3585.2	3606.2	3602.5	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1807.83	1810.35	1822.35	1817.61	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Texas Eastern	1,985,500	51⅞	—	Xerox	1,389,000	67⅛	+ 2⅞
Security Pacif (xd)	1,841,000	41⅞	+ ¼	McGraw-Hill	1,366,100	74	− 3⅛
Pan Am	1,806,000	4½	+ ⅛	Exxon	1,313,000	43¼	− ⅛
Union Carbide	1,586,300	30⅝	—	IBM	1,301,600	114½	
AT&T	1,464,200	34½	− ⅛	USX Corp	1,221,900	34⅞	+ ⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 26	Apr. 25	Apr. 24	Apr. 21	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1472.5	(c)	1476.1	1452.5	1551.7 (31/1)	1412.9 (7/4)
All Mining (1/1/80)	668.8	(c)	672.6	665.3	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	310.58	309.63	308.47	306.27	310.58 (26/4)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	(u)	5926.41	5920.66	5898.93	5926.89 (30/4)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	298.64	298.32	298.26	(c)	299.62 (20/4)	275.49 (27/2)
FINLAND						
Unitas General (1975)	803.1	802.3	801.1	804.1	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	464.6	468.4	470.4	468.0	470.4 (24/4)	417.9 (4/1)
Ind. Tendance (30/12/88)	109.0	110.0	111.3	116.1	111.3 (24/4)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	577.27	573.85	575.56	577.19	585.38 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1717.7	1710.3	1714.5	1717.4	1741.9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1373.04	1372.42	1368.38	1376.21	1394.62 (17/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3118.67	3118.73	3095.99	3109.23	3209.96 (9/2)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	615.32	(c)	620.30	619.13	620.30 (24/4)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33434.93	33244.78	32805.92	33029.8	33434.93 (26/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2461.02	2448.73	2422.98	2438.19	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS						
CBS Tll Rtn.Gen. (End 1983)	237.4	237.3	237.5	237.0	238.0 (19/4)	208.3 (3/1)
CBS All Shr (End 1983)	189.1	189.1	189.2	188.8	189.8 (19/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	651.39	659.08	656.80	653.55	665.61 (19/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1250.31	1246.11	1247.24	1244.27	1258.33 (17/4)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1518.0♦	1525.6	1515.0	1507.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2558.0♦	2559.6	2550.0	2532.6	2559.6 (25/4)	1961.6 (3/1)
SPAIN						
Madrid SE (30/12/85)	295.95	296.00	295.95	296.03	297.29 (10/4)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3871.3	3858.7	3804.4	3783.9	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	676.8	675.4	677.7	676.9	680.0 (17/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	511.7	510.7	512.9	519.0 (17/2)	491.2 (28/3)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Wednesday 26 April 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Metal	46.9m	889	-6	Honshu Paper	24.9m	1,150	+60
Nippon Yusen	42.9m	1,130	+80	Nippon Steel	24.2m	917	-2
Sato Kogyo	34.8m	2,730	+10	Daido Special Steel	22.9m	1,416	+20
Mitsui OSK Lines	34.6m	1,010	+24	Citizen Watch	21.8m	1,100	+40
Ohbayashi Corp.	33.0m	1,880	+30	Kawasaki Steel	21.6m	975	+16

FINANCIAL TIMES THURSDAY APRIL 27 1989

4pm prices April 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 47

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12	6	QMS				120	8	7⅞	8	+ ⅛
1⅞	5-16	Qantel			2	888	⅞	13-16	13-16	− 1-16
61⅛	42⅞	QuakrO	1.20	2.2	17	1037	55⅝	55¼	55⅜	− 1
28⅛	16⅞	QuakSC	.80	4.6	30	1602	17¼	17	17¼	
18	8⅞	Quanex	.32	1.9	8	436	17	16⅞	17	
31⅛	25⅞	Quanx pf2.20		7.2		1	31½	31½	31½	+ ½
59½	49	Quantm	0	5.8	4	2724	52⅛	57½	52	− ¼
11⅞	9⅛	QstVl	1.20e	10.		116	11⅝	11½	11⅝	
10⅞	7⅛	QstVC	.09			92	10¼	10⅛	10⅛	
35⅞	29⅞	Questar	1.60	5.0	25	160	32⅞	32½	32⅝	+ ⅛
16⅞	16½	QkRelly	.24	1.8	12	105	13½	13	13	− ⅞
		− R − R − R −								
19	10⅞	RAC In n.11e		1.0		149	10⅞	10⅞	10⅞	
11¼	4	RAC	1.56e	32.	8	181	4⅞	4⅞	4⅞	
12⅞	6¾	RBInd				2	11¼	11¼	11¼	
22⅛	20⅞	RJR Hd pf				12274	21⅞	20⅞	21	+ ⅛
100⅛	44¼	RJR Nb1.63e		1.9	18	8117	85⅛	84½	85	+ ⅛
18⅛	6	RLC	.20b	2.2	8	79	9	8⅞	8	
10½	7⅛	RLI Cp	.80	4.2	7	35	8½	8½	8½	− ⅞
7⅞	4⅞	RPC			22	48	7⅞	7⅞	7⅞	
7½	6½	RPS s	.19e	3.3		114	5⅞	5⅞	5⅞	− ⅛
68⅞	29½	Racal n				1613	61⅞	61	61⅛	− ½
1⅞	5-16	vjRadce				783	⅝	⅝	⅝	+ ⅛
68⅛	68½	RalsPur	1.88	2.0	16	1716	28⅞	28⅛	82⅛	− ⅛
12½	6¼	Ramad				5647	11½	11⅛	11⅛	− ⅛
6½	4⅞	RangrO			46	384	6⅞	6⅞	6⅞	− ⅛
54	20¼	Raycm	.32	1.0	11	461	32¼	31⅞	33⅛	− ¼
14⅞	9	RJamFn	.20	1.4	8	119	14½	13⅞	14⅛	+ ⅛
21⅞	18	Rayonr	2.60	14.	8	112	19¼	18⅞	19	− ⅛
7⅞	½	vjRaytc				41	1⅝	1½	1⅛	
73⅞	61	Raythn	2.20	3.2	9	1064	69⅞	68⅞	69⅛	+ ⅛
2	½	ReadBt				121	⅛	11-16	11-16	
17⅛	13¼	REIT	1.38	8.5	16	21	16⅞	16½	16⅛	− ⅛
12⅛	5½	RecnEq			35	17	8½	8⅛	8⅛	
17⅛	8⅛	Reebok	.30	2.2	11	3075	16⅞	13⅞	13⅞	− ⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
65⅞	50⅛	Xerox	3	4.4	18	13900	u85⅛	65⅞	67⅞	+ 2⅞
50½	44⅛	Xerox pf				24	44⅞	44⅞	44⅞	− ⅛
48⅛	44½	Xerox pf4.15		9.2		4	45	45	45	+ ½
44⅞	29⅛	XTRA	.72	1.8	15	501	41⅛	38½	45⅞	+ 1
33	29	XTRA pf1.94		6.2		39	32	61½	21½	
3⅛	2	Zapata				244	3⅛	8⅛	3⅛	
27⅛	18⅞	Zayre	.40	1.5	173	673	35⅞	25⅞	25⅞	+ ⅛
15½	16½	Zemex	.40	3.7	22	2	10⅞	16⅛	10⅞	− ⅛
30	16½	ZenithE			92	737	16⅛	16⅞	13⅞	+ ⅛
16⅛	8⅞	ZenInc	1.20	14.		72	9⅛	9⅛	9⅛	− ⅛
2⅛	1	vjZenLb				265	1⅞	1⅞	1⅞	
21⅞	15	ZeoNtl	.60b	4.5	8	18	18⅞	17⅞	17⅞	− ½
19⅞	13¼	Zero	.44	2.3	16	38	19½	18⅞	19⅞	+ ⅛
28½	19	Zurnln	.68	2.3	10	123	68	20⅞	26	
11⅛	10	Zweig	1.07e	9.8		571	10⅞	10⅛	19⅞	
10⅛	8¼	Zweigt n.24e		2.7		1167	8⅛	8⅞	9	− ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the *latest declaration.*

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices April 26

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
ProsCm	.65e	1	47	7	6⅞	6⅞	− ⅛
ProMed	.42	8	81	6⅛	6½	3½	− ⅛
ProfCre		8	35	3⅞	6⅛	3⅞	+ ⅛

OVER-THE-COUNTER

Nasdaq national market, 3pm prices April 26

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WolvEx			47	7⅛	7⅝	7⅛	+ ⅞
Worthg	.40	14	151	21⅞	21⅝	21⅝	
Wyman	.80	59	1236	16	15⅛	16	
		− X − Y − Z −					
XL Dta s		16	915	10½	18⅛	18½	+ ⅛
XOMA			561	10¼	10	10	− ⅛
Xicor		10	1742	0⅛	8	0⅛	
YelowF	.70	10	933	20⅞	28⅞	20⅛	
ZionUt	1.44		49	25⅛	25¼	20⅛	− ⅛
Zycad			33	3⅛	3½	6⅛	− ⅛

AMERICA

Dow rises despite strength of GNP figures

Wall Street

THE RELEASE of preliminary, first-quarter gross national product figures yesterday appeared to have little impact on an equity market that is marching to its own internal dynamics, *writes Janet Bush in New York.*

The Dow Jones Industrial Average closed 2.20 points higher at 2,389.11 on low volume of 146m shares. At the outset, the Dow had dipped 5 points, apparently in reaction to the figures. These suggested a modest deceleration in economic growth and higher inflation.

While the Treasury bond market fell quite sharply in response to the GNP figures – after opening about ½ point higher – and stayed lower at midsession, stocks held steady.

The Commerce Department reported that GNP had risen by 5.5 per cent in the first quarter, 2.5 per cent of which was due to the effects of last year's drought. This compared with growth of 3.5 per cent in the final quarter of last year, once drought-related factors were stripped out, and with forecasts of a rise in the first three months of this year of nearer to 5 per cent.

The price deflators told a different story, but most credence was attached to the 5 per cent rise in the fixed weight index in the first quarter. This was seen as a more accurate indicator of price trends than the implicit price deflator. The fixed weight index rose 4.2 per cent in the fourth quarter of 1988.

The implicit price deflator rose by only 3.9 per cent compared with 5.3 per cent in the fourth quarter. However, the deflator was actually depressed by higher oil import prices, making very little sense of fundamental trends.

Yesterday's release showed overall economic growth is decelerating – but not markedly – and that inflation is indeed rising. Financial markets have often not reacted particularly dramatically to quarterly GNP releases, because these are historical and much of the information is already known.

Of more interest will be the first figures to emerge covering April, which will enable the markets to examine more up-to-date information on the economy. Markets still appear to be hoping that interest rates will go down, as the Fed responds to slower growth.

It is this view of the world which has buoyed markets in recent weeks, although, to many money market economists, it is too optimistic given current inflationary trends.

Markets still have to digest more economic figures this week, including today's March personal income and expenditure data and tomorrow's March leading indicators.

Blue chip issues were mixed yesterday. IBM, which rose sharply on Tuesday, was quoted unchanged at $114¼, Procter & Gamble dipped $¼ to $94⅞ and Merck was unchanged at $67⅞. General Motors added $⅛ to $41⅞, General Electric gained $¼ to $48 and Philip Morris was up $⅛ at $125¼.

Among featured individual stocks, Westinghouse Electric added $1⅛ to $56⅝ after the company announced that it had raised its quarterly dividend by 20 per cent to 60 cents a share.

Compaq Computer fell $1⅝ to $77⅛, in spite of reporting earnings at the high end of analysts' forecasts. It achieved net income of $1.96 a share in the first quarter compared with $1.21 a year ago.

Dominion Bankshares added $⅜ to $30 in over-the-counter trading on speculation that it might become a takeover target of NCNB, now that it has terminated its offer for Citizens & Southern. MCorp, the Texas bank holding company which recently filed for bankruptcy, rose $⅛ to $⅝ after NCNB said that it would probably bid for the M banks.

Canada

GOLD and base metal shares declined in line with lower bullion and base metal prices, dragging Toronto lower on moderate volume.

The composite index fell 6.9 to 3,578.1 as declines led advances by 365 to 273. Volume was 20.2m shares.

ASIA PACIFIC

Nikkei surges to all-time peak as confidence grows

Tokyo

GROWING optimism about the equity market sent investors on a broad-based buying binge that saw share prices surge to an all-time high, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average, which on Tuesday posted its third biggest gain of the year after Prime Minister Noboru Takeshita's resignation, added another 190.15 points yesterday to close at a record 33,434.93. Buying by index funds supported the advance as the Nikkei reached a session high of 33,446.01 while the low was 33,157.69.

Advances led declines by 555 to 351, with 167 issues unchanged. Turnover at 1.33bn shares was a substantial improvement over Tuesday's 820m. The Topix index of all listed shares rose 12.29 to 2,461.02 and, in later London trading, the ISE/Nikkei 50 index gained 0.66 to 1,937.39.

The rally reflected faith in the brighter outlook for equities and a desire to take full advantage of those prospects. "These guys want to buy the market and they want to buy it aggressively," said Mr Paul Muller at Schroder Securities.

Although the trigger was the Prime Minister's resignation announcement, other factors fed the momentum. The market had already discounted a moderate rise in the official discount rate, which is considered the likely outcome of any increase in Tokyo's consumer prices exceeding 3 per cent, analysts said.

Buying by new index-linked investment funds has also helped give the market energy. In addition, with a flurry of business results to be announced in May, there is interest in companies expected to report better earnings.

Some analysts, however, are concerned. "The market is speculative, it is rotational and a number of people are still very confused and just chasing the latest story," one said.

Interest focused on medium to small capitalisation issues, particularly those expected to announce improved earnings. Among them were specialised steel issues, also popular for their low price earnings ratios.

Tokyo Steel, a leading maker of steel bars, rose 13 per cent, adding Y430 to Y3,730, while Godo Steel rose Y130 to Y1,560. Sanyo Special Steel gained Y60 during the day, closing up Y20 at Y1,410 in heavy trading.

The approach of the Golden Week holidays, starting this weekend, spurred interest in shipping companies which are diversifying into marine leisure businesses. Nippon Yusen, second in the most active list with 43m shares, gained Y30 to Y1,120.

Sumitomo Metal, heavily traded recently because it is viewed as a possible market leader, led the volume list with 47m shares, losing Y6 to Y886.

In Osaka smaller capitalisation issues supported the market and the OSE average firmed 257.18 to 32,232.42.

Roundup

LOCAL ISSUES held sway in Asia Pacific markets but failed to muster much enthusiasm. Exceptions were the smaller Taiwanese and Korean markets, which both fell sharply.

AUSTRALIA closed marginally easier as the early positive trend faded with the news that Ranks Hovis McDougall had built a 14.9 per cent stake in Goodman Fielder Wattie. On Monday RHM launched a hostile reverse bid for Goodman.

Goodman fell 10 cents to A$2.45 as 48.34m shares worth A$121.2m were exchanged. The All Ordinaries index fell 3.6 to 1,472.5 as leading industrials reacted in sympathy.

SINGAPORE chalked up small gains in spite of the prevailing mood of caution and some profit-taking. The Straits Times Industrial rose 4.2 to 1,250.31. Turnover rose to 89.9m shares from Tuesday's 87m.

HONG KONG spent a day in the doldrums as investors warily watched political developments in Peking. The Hang Seng index closed 0.06 lower at 3,118.67 after trading within a range of about 15 points throughout the day. Turnover remained thin at HK$870m.

TAIWAN plunged in response to the announcement by the Securities and Exchange Commission (SEC) that it would examine non-payment transactions, better known as wash sales.

The key market weighted index, which dropped 70.09 points on Tuesday, plunged another 175.23 to close at 7,827.16, after a low on the day of 7,876.4.

SEOUL fell sharply in slow trading due mainly to worries about the Government's tight monetary policy. The composite index fell 9.09 to 934.72.

Amsterdam bloom fades as caution sets in

Profit-taking has helped to tip the market off its post-crash high, writes **Laura Raun**

THE BLOOM is off the tulip as far as the Amsterdam Stock Exchange is concerned. Caution has set in following a euphoric climb to a post-crash high amid buoyant turnover in recent weeks.

Investors are now taking some profits and turning their attention to top-quality, defensive stocks. No one is talking about a nasty drop in the market, however, and some players are more bullish than others.

Barclays de Zoete Wedd, for example, believes that "over the long term, the Dutch stock market will continue to see some positive impetus as a result of its strong international profile, its liquidity and the attractions of a strong yield . . . The case for performance depends on solid economic and corporate profits growth, as well as corporate activity and interest rates."

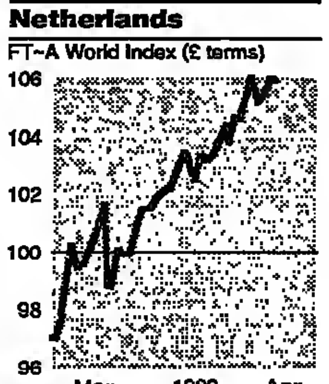
Others are convinced that consolidation is in the air. "It's more likely to go down than up, but not significantly," predicts Mr Rob Sweers, chief securities analyst of Banque Paribas in Amsterdam. "It could be 5 per cent down in the next month."

The CBS All Share index closed unchanged yesterday at 189.1, down from 189.8 a week ago on April 19 – its highest level since the October 1987 crash. Since the beginning of the year, the index has climbed 10 per cent – a middling performance among bourses worldwide and bang in line with the rise in the FT-Actuaries Europe index.

Fuelling the advance have been impressive company earnings, sound macroeconomic fundamentals and takeover fever. Nedlloyd, the shipping and transport group, has nearly doubled to Fl 406 from Fl 206 last November on speculation that it is a takeover target. Ahrend, the office furniture maker, has jumped 63 per cent to Fl 293.50 from Fl 180 in March when it came under assault from Bührmann-Tetterode.

Netherlands

FT-A World Index (£ terms)



Hoogovens, the steelmaker, and Fokker, the aerospace group, have soared on a swing into black figures from red ones. A gaggle of medium-size companies has been propelled by explosive earnings growth.

Corporate profits of 70 actively traded Dutch companies rose by an average 20 per cent in 1988, according to Mr Fokko Tuin, chief analyst for Kempen & Co. That pace will slow only moderately to 15 per cent this year, he adds.

Economic growth will continue at a strong 3 per cent in 1989 on buoyant investment, exports and consumption, together with low inflation, according to the semi-governmental Central Plan Bureau.

Rising interest rates and political squabbling over the 1990 budget, however, are seen as threats by some observers. Mr Tuin believes that overkill by the authorities in lifting interest rates too high could choke off growth. Trying to stem inflation could excessively prune business investment and consumer spending.

Mr Sweers is worried that cabinet ministers' horse-trading over next year's budget is so rancorous that the air could stay poisoned even if a compromise is reached.

He believes Mr Onno Ruding, the Finance Minister, might still resign if budgetary discipline is lacking in a compromise package to be considered tomorrow. General elections are due in April or May next year and the Christian Democrat-Liberal coalition would lose its majority if voting were held now, according to a poll released on Sunday.

Amid the uncertainty, flight to quality is often seen as the answer. Blue chips, such as Unilever and Royal Dutch/Shell, are favourites, while insurance companies, such as Aegon and Nationale-Nederlanden, are also being recommended.

SOUTH AFRICA

MOST investors hung back in Johannesburg, waiting for the outcome of Minorco's bid for Consolidated Gold Fields. Minorco fell R1 to R51, while Gold Fields rose R2.25 to R89.25.

Europe inspires bullish view

UK FUND managers are bullish about long-term prospects for equities in the Pacific region and continental Europe, but divided about the outlook for the US, according to a survey by Godwins, the independent financial advisers, *writes Alison Maitland.*

Optimism is greatest about European shares. The Cityscope survey of more than 70 investment managers shows that 86 per cent expect continental equities to be higher in sterling terms in a year's time.

Some 84 per cent think Far Eastern stocks will be higher, while 78 per cent expect Japan to rise.

Turning to the US, only 54 per cent are bullish about long-term prospects, while 27 per cent feel the market will be below current levels and 19 per cent little changed.

The short-term view is less rosy all round. Greatest optimism is for Far Eastern equities: 51 per cent expect them to be higher over the next three months and 49 per cent at the same level. For Europe the figures are: 41 per cent higher and 59 per cent the same; for the US: 19 per cent higher, 49 per cent the same and 32 per cent lower; and for Japan: 24 per cent higher, 54 per cent the same and 22 per cent lower. The survey was conducted at the start of April – before news of the resignation of the Japanese Prime Minister.

EUROPE

Paris leads losses in quiet trading

WORRIES about inflation and higher interest rates weighed on trading, and bourses were mostly weaker or unchanged, *writes Our Markets Staff.*

PARIS dropped by 1.3 per cent in continued weak volumes as investors reduced their activity in the run-up to next week's holidays.

The CAC 40 index lost 21.20 to 1,667.17 and the OMF 50 index fell 3.15 to 475.51. The CAC General index, based on opening prices, dropped 3.8 to 464.6.

One trader said the oncoming holidays – which will see the bourse closed for the next three Mondays as well as next Thursday – were dissuading investment. "The feeling is that the market at this high level might see a hit of a decline just on general lack of interest."

L'Oréal, the cosmetics group, was knocked by disappointment over its annual figures, falling FFr174 to FFr4,220, with analysts pointing out that the stock was pricey.

Carrefour dropped FFr1,031 to FFr2,881, going ex a one-for-three bonus issue.

FRANKFURT faded from the day's highs to close little changed as investors awaited today's speech by Chancellor Helmut Kohl for indications on whether and when the withholding tax would be scrapped.

The US gross national product figures came in after the market closed, and arrived about the same time as provisional West German consumer price figures for April, which showed a 0.6 per cent increase instead of the expected 0.3 per cent. The rise in March was 0.2 per cent. Share prices, already unsettled by concern about the inflation outlook, turned down in unofficial trading.

The market seemed to be suffering from a crisis of confidence engendered by last week's interest rate rises. As one salesman put it, "It doesn't take much to undermine confidence in Germany . . . but it takes a long time for the market to build up again."

The FAZ showed a 3.42 gain to 577.27 at midsession, but by the close the DAX was up just 0.62 at 1,373.04. Volume improved from Tuesday's weak levels to a moderate DM3.64bn.

Feldmühle Nobel was the most active stock, rising DM9.50 to DM360. There were further takeover rumours, said to involve foreign buying. However, the news magazine Der Spiegel suggested in a bearish article this week that the recent activity in the stock could be preparation for a rights issue. The price has risen from about DM300 at the end of February.

Pharmaceutical company Schering came out with good first quarter results and rose DM3.50 to DM619.50.

MILAN suffered from jitters over domestic inflation as preliminary data emerged showing an increase of 0.6 per cent for April – the highest rise for several months.

The Comit index gave up 4.98 to 615.32 and volumes were pegged at a low L140bn, as investors trickled back from Tuesday's holiday.

Banco di Roma fell L400 to L9,480 on concern about who will replace one of the company's two managing directors and whether the decision will be based on political or commercial considerations, said one analyst.

AMSTERDAM ended little changed after a moderately active day which saw Fl 724m worth of shares traded. The CBS tendency index eased 0.4 to 108.4. The US GNP figures caused only a slight pick-up in prices.

Nedlloyd was the most active stock, falling Fl 15 to Fl 406 as shares worth Fl 68m changed hands, with one large seller in the market.

Insurer Aegon held up after Tuesday's rights issue news, adding 50 cents to Fl 100. But Internatio-Müller, the shipping company, lost Fl 1.20 to Fl 92 after saying its stock price was looking quite high and it might make a share issue.

MADRID was quiet in the approach to the four-day weekend, with the general index down 0.02 at 295.95 in fairly light trading. Investors continued taking some profits, and the mood was cautious because of fears of an interest rate increase.

Banks remained out of favour, with most declining. The Bank of Spain's credit squeeze is felt to be affecting lending. Santander was off 20 points at 845 per cent of par.

Utility Endesa was up 8.7 at 248.7, which some analysts attributed to American interest in US-quoted Spanish stocks arising from the Repsol partial privatisation.

ZURICH was mixed with the Crédit Suisse index falling 0.3 to 570.9. The big moves came from the blue chips, with Nestlé and Ciba-Geigy registering gains on the strength of favourable announcements.

Nestlé bearers rose SFr40 to SFr7,420. The company's chief executive said turnover and profits would rise in 1989 and the company did not plan any acquisitions this year.

Ciba-Geigy bearers jumped SFr110 to SFr3,490, in the wake of Tuesday's higher first-quarter profits.

STOCKHOLM closed higher in moderate trading, with banks and insurance companies posting solid increases as a result of a government proposal to allow the national pension fund to invest in bank and insurance shares. Insurance group Skandia was up SKr7 to SKr214 in active trading.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 26 1989						TUESDAY APRIL 25 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (89)	132.47	+0.0	116.32	110.93	−0.1	5.02	132.48	115.47	111.06	157.12	128.28	119.05
Austria (19)	122.24	−0.2	107.33	119.21	+0.4	2.16	122.51	106.78	118.73	124.16	92.84	81.36
Belgium (63)	133.75	−1.2	117.44	130.12	−0.5	4.18	135.32	117.95	130.82	137.10	128.52	125.12
Canada (127)	135.16	−0.3	118.67	116.46	−0.2	3.35	135.50	118.10	118.66	137.27	124.67	124.07
Denmark (38)	177.05	−0.7	155.46	175.96	+0.0	1.69	178.35	155.45	175.99	180.38	165.35	118.71
Finland (26)	153.20	−0.4	134.51	134.65	+0.2	1.55	153.61	134.06	134.35	159.16	125.61	127.32
France (130)	119.15	−1.7	104.62	118.83	−1.0	3.03	121.25	105.68	120.01	122.79	112.57	89.66
West Germany (100)	86.73	−0.3	78.15	84.70	+0.4	2.30	86.89	75.82	84.35	90.40	81.77	76.64
Hong Kong (49)	131.29	+0.0	115.28	131.11	+0.0	4.04	131.29	114.43	131.14	133.77	111.60	102.50
Ireland (17)	148.44	+0.2	130.34	147.09	+0.7	3.42	148.17	129.15	146.05	151.36	125.00	121.61
Italy (98)	82.11	−1.6	72.10	84.44	−0.9	2.48	83.41	72.70	85.17	86.88	78.18	75.82
Japan (455)	187.87	−0.2	165.04	157.07	+0.5	0.48	188.27	164.09	156.31	200.11	180.30	172.85
Malaysia (36)	178.06	+0.6	156.35	184.23	+0.6	2.60	176.95	154.23	183.05	178.18	143.35	129.78
Mexico (13)	179.39	+0.1	157.51	474.64	+0.1	1.06	178.20	156.19	474.34	178.39	153.32	131.49
Netherland (42)	120.53	−0.8	105.63	116.57	−0.1	4.42	121.45	105.86	116.63	122.22	110.63	110.06
New Zealand (24)	70.00	+0.1	61.46	60.41	−0.2	6.52	69.90	60.92	60.52	76.02	66.84	77.08
Norway (26)	192.56	−1.9	169.08	177.99	−1.3	1.50	196.30	171.10	180.38	198.39	139.92	130.29
Singapore (28)	152.65	+0.8	134.04	136.89	+0.9	2.01	151.48	132.03	135.71	155.98	124.57	110.01
South Africa (60)	142.51	−0.9	125.13	126.20	−0.3	3.95	143.88	125.40	126.63	144.86	115.35	126.19
Spain (42)	153.34	−0.8	134.64	135.22	−0.3	3.59	154.63	134.77	135.85	156.17	143.14	151.29
Sweden (35)	159.49	+0.8	140.04	150.63	+1.4	2.28	158.26	137.94	148.59	162.00	138.45	123.28
Switzerland (57)	75.61	−0.6	66.39	77.71	+0.2	2.36	76.07	66.31	77.56	79.78	74.05	80.39
United Kingdom (316)	146.66	+0.3	129.79	128.76	+1.0	4.40	146.31	127.53	127.53	153.33	134.53	140.51
USA (560)	124.91	+0.1	109.67	124.91	+0.1	3.55	124.80	108.77	124.80	125.84	112.13	107.31
Europe (1009)	119.88	−0.4	105.24	111.78	+0.3	3.58	120.33	104.88	111.40	121.70	114.02	109.68
Nordic (125)	155.08	−0.2	136.17	152.16	+0.5	1.98	155.32	135.38	151.46	155.61	137.95	114.01
Pacific Basin (679)	183.33	−0.1	160.98	153.68	+0.5	0.70	183.60	160.03	153.15	194.72	176.37	167.95
Euro – Pacific (1688)	157.87	−0.2	138.70	137.05	+0.4	1.58	158.32	137.99	136.48	164.22	152.83	144.65
North America (687)	125.42	+0.1	110.13	124.39	+0.1	3.54	125.34	109.25	124.31	126.37	112.79	108.21
Europe Ex. UK (693)	103.12	−0.9	80.54	101.24	−0.2	2.91	104.07	90.70	101.45	105.29	98.64	90.56
Pacific Ex. Japan (224)	127.82	+0.1	112.23	113.44	+0.0	4.47	127.71	111.32	113.43	137.65	123.48	108.61
World Ex. US (1888)	157.03	−0.2	137.68	136.41	+0.4	1.66	157.38	137.16	135.67	162.77	152.04	143.75
World Ex. UK (2132)	144.27	−0.2	126.67	132.65	+0.2	2.04	144.51	125.96	132.55	146.04	138.08	129.64
World Ex. So. Af. (2388)	144.48	−0.1	126.86	132.49	+0.3	2.24	144.66	126.09	132.08	146.65	138.82	129.70
World Ex. Japan (1993)	123.68	−0.1	108.59	119.79	+0.2	3.59	123.61	107.91	118.60	124.63	114.51	108.97
The World Index (2448)	144.47	−0.1	126.65	132.46	+0.3	2.25	144.66	126.08	132.06	146.51	138.83	129.66

Constituent changes: April 26: Insert: CMB Packaging (France). Deletions: Carnaud (France) and Ohio Mattress (US). Classification change: MB Group (UK).

ACCOUNTANCY COLUMN

Identity crisis threatens balance sheet values

By Richard Waters

THE BRITISH balance sheet is suffering an identity crisis. No one seems able to agree on its purpose in life any more, least of all accountants, who constructed it.

As a result, balance sheets are in a mess. In the words of a heavyweight group set up by the Institute of Chartered Accountants of Scotland last year: "The present balance sheet almost defies description."

This should matter to more than accountants. Balance sheets are one of the prime sources of financial information about a company, and hence important to the efficient running of financial markets.

The problem is that UK balance sheets contain a mixture of costs and valuations (the most recent example being brand valuations). The costs mean little, since they are often costs incurred at different times which have been added together. Valuations may be done on a number of different bases, none of which are compatible.

Also, balance sheets often do not show liabilities which should be there (a practice known as off balance sheet finance).

Yet they are used extensively for commercial purposes. While accountants warn that they are practically meaningless, a whole industry of analysis has been built on this dubious construct.

Consider the following:

- Companies' articles of association and loan covenants are stuffed with references to gearing or shareholders' funds, determining a company's borrowing powers in balance sheet terms.
- Analysts and financial journalists use balance sheet-based indicators when making judgements about companies: gearing, net assets and return on capital. These tests form part of the paraphernalia of corporate analysis and are central to the financial world's jargon.
- It is not just idle scribblers who give these notions currency. Sophisticated investors keep a close eye on ratios such as gearing. As a result, the consumers of capital are forced to pay close attention to how they present their balance sheets to the financial markets.

Take TI. Its finance director, Mr Michael Garner, said at the end of last year, when announcing a change to his group's accounting policies, that accounting considerations had forced his company in the past to raise money through an issue of equity when it would rather have borrowed the money. This highlights an alarming inefficiency in the capital markets, where accounting, which is meant only to record financial reality, ends up dictating it.

- The International Stock Exchange uses an asset test for deciding when companies need their shareholders' approval for acquisitions or disposals. This was extended to include intangible assets (such as brands) last month. It means that a company which values its brands may have a positive advantage over one which does not.
- The Bank of England's prudential requirements for banks are based on balance sheet criteria (though modified ones, rather than those shown to shareholders). As a result, the City was treated to the spectacle recently of National Westminster conjuring up an extra £800m of primary capital by revaluing its properties and turning the excess from the revaluation, via a bonus issue of shares, into equity.

In a purely historical cost balance sheet (of the type used in the US, for instance), this would not be possible. This is therefore a classic case of how national accounting differences can give companies an advantage over foreign competitors.

It also gives the quick-witted an advantage over national competitors. Barclays Bank, for instance, says it might have had to raise £300m less by its controversial rights issue a year ago if it had been able to adopt the NatWest route.

- Not only large companies are affected: small ones may not realise it, but their balance sheets are studied by credit insurers and the like.

With so much at stake, it is not surprising that much effort goes into reconstructing balance sheets. The financial world has been treated to a string of imaginative moves in the late 1980s. Much of it has been prompted by the wave of acquisitions and subsequent need to write off goodwill, which has depleted the reserves of acquisitive companies.

The latest and most obvious example is the move to revalue brands (for example, by Ranks Hovis McDougall and Guinness) or to record acquired brands at cost (Grand Metropolitan and Hodgson Holdings).

Other ways of dealing with the trauma of goodwill have been used by Saatchi & Saatchi and Hanson (which have added back goodwill for the purposes of calculating their borrowing powers), British & Commonwealth (which has written it off against profits) and MAI (which has done the same as B&C, but taken the charge below the line).

This is by no means the end of it: with skilfully-devised convertible preference shares, it has been possible to raise money that looks very much like debt but which can be accounted for as equity, creating reserves against which goodwill can be eliminated (Saatchi again, and United Biscuits).

Off-balance sheet finance, the other plague of the late 80s, is by its nature much harder to identify. Among the schemes to have been recorded publicly are ones used by Burton and Storehouse, but accountants warn that these are just the tip of the iceberg.

The accountancy profession has been ill-prepared for this rash of window-dressing. A large part of the problem is that accountants cannot decide what balance sheets are for.

There are two opposing views. On the one hand are those who say that they should simply be a record of money which a company has spent.

Unlike the costs that go through the profit and loss account, these are costs incurred for future benefits. They are put into the balance sheet and written down until all of their profit-generating capability has been used up.

Others look at balance sheets differently. This view is that they should (and to an extent do) give an indication of value — though not a company's full value, since only the stock market can arrive at this figure.

The value argument makes traditional accountants furious. Balance sheets should stick to showing costs (which are measurable, and therefore precise) rather than values (which are subjective and therefore largely meaningless). If not, they become worthless.

The cost argument is holding sway – but for how long?

The Accounting Standards Committee has decided to dig in on this point in the fight over brand accounting. If you buy a brand, you can show it at cost in your balance sheet; if you build it from scratch, you cannot put it in the balance sheet at all.

However, accountants themselves could be accused of having encouraged the brand accounting trend by allowing companies to revalue other assets, like buildings.

Few companies now show these at cost, but put them in their accounts at a value. If tangible assets are revalued in this way, why not intangible ones?

These considerations undermine the cost argument. In the most severe attack yet mounted, the Institute of Chartered Accountants of Scotland last year argued that balance sheets should record values, because: "Business activity is about the adding of value, so financial statements should reflect this."

As the accountancy profession tries to tug the financial community in opposite directions, meanwhile, it remains open season for companies who want to present their accounts in the best light. This one looks set to run and run.

ACCOUNTANCY APPOINTMENTS

GROUP CHIEF ACCOUNTANT

FINANCIAL SERVICES

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Our client, a subsidiary of a clearing bank, is one of the largest finance houses in the UK with around 100 trading subsidiaries and associates.

A Group Chief Accountant is required who will assume overall responsibility for all aspects of the financial accounting, budgetary control and tax functions of the Group. This will include compliance with statutory accounting and Bank of England reporting requirements and the continued development of management accounting techniques.

Candidates must be qualified accountants, preferably chartered, with at least ten years' post qualification experience in increasingly senior appointments. Previous experience within the financial services sector is strongly preferred although candidates who can demonstrate the ability to manage the financial accounting affairs of a large and complex industrial group would be considered.

Well developed staff management skills are essential and candidates must have the confidence and personal credibility to liaise at a senior level with the parent bank, the Bank of England, and professional advisers. Candidates must be innovative and forward looking but this should be matched with an attention to detail.

In addition to an attractive basic salary, the package will include an executive car, bonus, profit sharing and subsidised mortgage, in addition to excellent career opportunities.

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Part of a highly successful group, this fast-growing service company seeks an ambitious and commercially-minded accountant to take on responsibility for the entire financial control and reporting process.

Reporting to the Group Financial Controller and liaising widely both in the UK and overseas, your specific concerns will include mergers and acquisitions, treasury work, cash flow projections, forecasting, budgeting, tax planning and ad hoc analysis.

To make the most of this challenge, you should be a qualified ACA, ACCA or ACMA, aged in your mid-late 20's, with experience of a service industry and the ability to progress both with and within the company.

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For further details please telephone Josephine Harvey on 01-638 1711 or write to her enclosing full career details.

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The appointee will have a strong finance background gained in a manufacturing environment. Experience of MAPICS II and cost accounting together with a knowledge of O & M principles would be an advantage. Candidates must hold a degree and/or recognised accounting qualifications.

Factory Accountant

A hands-on accounting position with overall day to day responsibility for the co-ordination, preparation and analysis of the accounts. Additional responsibilities will include cash flow forecasts, capital expenditure control, cost and management accounts and overseeing the office services.

Candidates must have either a degree or a professional accounting qualification and at least five years experience gained in a batch processing/manufacturing company.

Both positions offer a challenging role within this new and developing company. The ability to be able to expand normal job horizons and participate in the initial set-up of procedures and practices is essential. In return, SPIMACO offers a tax free salary, accommodation, medical insurance, generous leave schedules and excellent career progression.

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Ideally, you should be a Qualified Accountant with 2 years or more post-qualification commercial experience. Hands-on experience of computer-based accounting and financial planning systems is essential.

You should possess strong interpersonal skills as this role will demand close liaison with managers throughout the company.

In return for your experience and ability, an attractive package is on offer, together with real potential for career advancement and the opportunity to make a significant contribution to the business.

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The Group Finance Directorate has vacancies for high-calibre qualified accountants. These positions are entry points within Wellcome's Career Development Plan, designed to provide a variety of experience in different areas of finance.

Two of the vacancies are within the Group Financial Controller's department, based at the Group's Head Office at Euston in London:-

MANAGEMENT ACCOUNTANT – to assist with the provision of timely and accurate group management information. The department uses computers extensively and is currently redeveloping its principal systems. Candidates, in their late twenties/early thirties, should have had substantial exposure to management accounting and budgetary control in a computerised multi-currency environment.

FINANCIAL ACCOUNTANT - a member of a team engaged in UK and US corporate reporting plus a variety of unstructured corporate accounting projects. Candidates should have a minimum of three years' post-qualification experience with substantial exposure to large corporate audits. Applicants are likely to be Assistant Managers in professional firms and it is unlikely that anyone under the age of 27 will have the appropriate breadth of experience required.

The other vacancies are based at Dartford in Kent, the principal UK manufacturing site:-

SENIOR INTERNAL AUDITOR – as part of the Group Internal Audit department you will be engaged in a variety of operational and financial audits, some of which will involve overseas travel. This role includes advising management at all levels and undertaking appraisals and investigatory work and involvement with a variety of computerised systems. Candidates, not less than 26 years of age, will have at least 2 years' post-qualification experience.

FINANCIAL ACCOUNTING/FORECASTING – Ambitious newly qualified accountants, wishing to develop their careers, are required to be members of the team which provides accounting services to the Group's UK operations, which include manufacturing, sales and marketing and research and development.

First-rate remuneration packages will be offered according to age and experience and more mature candidates should not be deterred from applying. Relocation assistance is available where appropriate.

Please write with full career details indicating post of interest to: Iris Sargant, Personnel Manager, The Wellcome Foundation Ltd., 183 Euston Road, London NW1 2BP. Alternatively ring 01-387 4477, ext. 3111 for an application form.

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Wellcome

Financial Controller

West End

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As a young but rapidly expanding and acquisitive PLC our client is a leader in its specialist field of I.T. services – offering consultancy, training and leading edge software products to a blue chip client base. Since floating on the USM in 1987, the company has continued to expand, both in the UK and overseas and it now seeks to strengthen and develop its finance function with the appointment of a young, enthusiastic and progressive thinking Controller.

This is a rare opportunity to play a key role in one of today's fastest growing environments. The Controller will be directly responsible for a wide range of functions, including management and financial accounting, systems, cash flow and staff supervision.

Duties will also encompass expanding international activities, with the opportunity to travel to subsidiaries in the USA and Europe.

If you are an ACA with 2 years commercial experience and feel able to face up to the challenges offered, contact Claire Lockey, who has been retained to assist the Company in its search.

the fleet partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24hrs). Fax: 01-831 4204

West End

The Mecca Leisure Group is recognised as a major force in the leisure industry with activities ranging from catering and hotels to casinos and nightclubs. The catering activities encompass the fast-developing High Street branded restaurant operations including Sweeney Todd's, together with top quality City restaurants, banqueting and character hotels.

c. £30,000 + benefits

MECCA

Chief Accountant

Reporting to the Financial Controller, you will have a central role within a small team of business professionals. Responsibilities will include control of the financial accounts department, production of financial and management information and development of reporting systems.

You must be a Qualified Accountant with at least two years' experience at a managerial level. You must have good knowledge of mainframe and micro systems. Personal qualities must include good communication skills and the ability to work to tight deadlines. Ref: 5237/FT

Management Accountant

Reporting to the Financial Controller, you will work closely with operational management in controlling financial planning for the Branded Restaurants. This will involve production of strategic plans and budgets, business performance monitoring and capital expenditure appraisal.

You must be a Qualified Accountant with a multi-unit accounting background. You must have micro spreadsheet experience and strong interpersonal skills. The role will include regular visits to all branches. Ref: 5238/FT

Please send full personal and career details in confidence to Alison Hawley, quoting the appropriate reference on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Swiss Bank Corporation

CORPORATE FINANCE

This leading European investment bank is committed to the development of its U.K. advisory business within its Corporate Finance Department. It now wishes to make the following strategic appointments.

Associate Director

Applicants must be professionally qualified and experienced at a management level in the field of corporate finance. They will ideally be currently employed in a U.K. bank or broker, or within the U.K. team of a leading international investment bank.

Executives

Applicants must possess a good degree and be Chartered Accountants or Lawyers, with an excellent examination record. Experience gained in company investigations or company commercial matters would be a distinct advantage, but a considered commitment to a career in Corporate Finance will be essential.

Career development prospects are outstanding and the remuneration packages envisaged are highly competitive. In the first instance please contact **Roger Tipple**, who is retained to provide full background information and to arrange an initial selection interview.

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Young Ambitious Accountant

1-2 yrs P.Q.E. **c£30,000**

Our client, a blue chip investment bank, is offering an unusual opportunity for an ambitious young ACA to work closely with its entrepreneurial management team.

Reporting to the Head of Finance, you will provide effective support for all aspects of financial and management accounting. The role also includes treasury related responsibilities and assisting management in a broad range of business activities from securities trading to corporate finance.

Candidates, aged 25-30 will be graduate ACA's with at least one to two years' post qualification experience. You should have good communication skills and the ability to undertake a broad range of management tasks and contribute in a real sense to the business.

This high profile position provides the opportunity to gain an understanding of virtually all aspects of investment banking within a close knit environment.

Interested candidates should contact Suzie Mummé on 01-248 3653 (or 01-673 2549 evenings/weekends) or write, sending a detailed CV to the address below or use our confidential fax line on 01-248 2814. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ — BBM ASSOCIATES — Tel: 01-248 3653

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Applicants must be qualified accountants aged under 40, with experience of working with computer-based accounting systems in a small or medium-sized service oriented organisation. The ability to take on a wider commercial role is essential, and some exposure to overseas trading and the use of ECGD finance would be preferred.

There are prospects of a directorship within one year. Please write in confidence, enclosing your curriculum vitae including current salary and daytime telephone number to:

The Finance Director, Alger, Brownless & Court Ltd, 102b West Street, Farnham, Surrey GU9 7EN.

FINANCIAL CONTROLLER

WEST END

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As undisputed market leader in the international drinks industry, our client operates as an autonomous UK subsidiary of an American parent group. This pre-eminence has come about through marketing excellence and exemplary planning, with an integral part of their successful growth pattern attributable to the enlightened use of financial controls and the high profile accorded to accounting executives within the company. In line with their current expansion programme, the client is looking to appoint a Financial Controller to their Head Office team.

The person appointed will be a natural leader with the ability to manage a department of twelve staff. Essential personal qualities will include a competitive nature and an ability to question all aspects of business operations. Although this position will carry ultimate responsibility for the accounting of all transactions, success will depend on the development of systems and staff rather than attention to day to day figure work.

This demanding role will suit an accountant with up to three years' post qualification experience and will appeal particularly to someone who understands the philosophies of highly successful, multinational organisations.

For further details please contact NEIL J. HINWOOD on 01-629 8863, fax your C.V. on 01-408 0961 or write to the address below.

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Finance Manager

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Line managers will recognise and value the contribution to be made by a quality Finance Manager who can provide the commercial as well as professional support they demand. The scope of the role is broad, encouraging initiative and innovation, with prime responsibility for strategic and short term planning, the development of management information systems and analysis of key financial data aimed at driving forward corporate performance.

The right candidate will be a qualified accountant, resourceful and self-reliant, to whom high professional standards are instinctive. The confidence, flair and management accounting skills to be of real influence with senior managers and an enthusiasm for the pace and stimulus of a marketing driven business, are essential. Age guide 27-32.

Please reply in confidence, quoting Ref E165 to:–

Margaret Mitchell FCCA
Mason & Nurse Associates
5a Station Road, Egham
Surrey TW20 9LD. Tel: 0784 71255
Offices in London, Birmingham and Egham

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CHIEF FINANCIAL OFFICER

Kuwait Trading Group

To $70,000 + benefits — Long term opportunity

Our Client is one of the leading, highly respected, trading families in Kuwait, with substantial business interests, particularly in retailing, throughout the Gulf Area. Further major developments are planned.

They wish to recruit a Chief Financial Officer. This is a new position reporting to the Chief Executive of the Group and will be a key appointment in the group's development. Responsibilities will include:-

- implementing major changes to the group's accounting systems;
- introduction of effective management reporting and financial controls;
- funds management;
- business planning and analysis;
- initially some administrative functions.

The successful candidate is likely to be aged between 35 and 50, and should meet the following criteria:-

- previous successful experience in a senior finance position;
- university education, qualified accountant;
- sound experience of implementing computer systems;
- experience of the Middle Eastern environment;
- self motivated and energetic.

Knowledge of Arabic would be a distinct advantage.

Our client is looking for substantial commitment from the successful candidate and is offering a long term career with the group with a renewable three year contract. Terms and conditions include the substantial tax free basic salary together with expatriate allowances.

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The growing size and complexity of this Group will generate constant challenges on the technical front. You will handle many complex accounting transactions between the Corporate Office and the businesses, report on and prepare regular Group-wide financial statements, while providing regular Head Office accounts. The streamlining and improvement of computer systems will also be in your brief, as will your important contribution to the interim and year-end reporting process. In addition, there will be many ad hoc assignments that will be both intellectually and commercially exacting.

To succeed in this small, high-powered finance team, you will be a graduate chartered accountant –probably, but not necessarily, still in the profession. You should have excellent technical and communication skills, with the ability to learn and react quickly to events as they happen. You should have an appetite for hard work and be capable of considerable career progress, as within two years you should have moved to a Directorship within a key business area.

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A qualified accountant, you will probably be in your thirties and will have operated at Finance Director or equivalent level in a related industry. You should have had some experience of acquisitions and have a practical, shirt-sleeve approach to financial management, backed by a well-developed commercial awareness.

Résumés please, which include a daytime telephone number and an indication of present salary, to Peter Jones, Coopers & Lybrand Executive Resourcing Limited, Abacus Court, 6 Minshull Street, Manchester, M1 3ED, quoting ref P171.

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We invite applications from qualified accountants with 2-3 years' post qualification experience preferably with an FMCG company, where experience has been gained using computer modelling techniques and exposure of working with main board directors. The selected candidate, who will move to manager status within six months, will play a key role in planning the company's refocus and influencing its future direction. Specifically this will concern: monthly reporting to the board and group head office; the accounting service to all head office functions; annual and five year planning; quarterly forecasting and special projects. Essential qualities are strength of personality, a positive attitude to working under pressure to tight deadlines and an enthusiasm for working with proactive colleagues in a "fun company noted for its challenge culture". Ref FPM22275/FT.

CJRA MANAGEMENT ACCOUNTANT– MARKETING/SALES

NORTHERN HOME COUNTIES — TO C.£27,000 + CAR

This same client also seeks applications from qualified accountants in their mid twenties with at least 1 year's post qualification experience gained in a marketing environment, ideally, but not essentially, in FMCG. Reporting to a Financial Director, key responsibilities as part of a small team will include; management accounting; reporting of brand sales and marketing performance; planning and forecasting for individual brands and sales sectors; reporting to brand owners on royalties issues; developing systems and improving control as well as dealing with many ad hoc assignments. Essential qualities required are the confidence and tact to extract essential information from all levels of management, to be PC literate, to be a team player, to have the ability to constantly re-assess priorities when working against time and above all to be commercial with a highly successful and aggressive team of graduate marketing/sales managers. ref: MA22276/FT.

For both the above appointments initial salaries are negotiable to c£27,000, plus fully expensed executive company car, contributory pension, free life assurance, free family medical scheme, assistance with removal expenses if necessary.

For both these appointments we are particularly keen to hear from candidates in strict confidence by telephone on 01-628 0969 or alternatively in writing, quoting the appropriate reference number, when your reply will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

FINANCIAL PLANNING & ANALYSIS MANAGER

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Following the well publicised consortium buy-out of the Harris Queensway Group, a talented and committed management team is being assembled. Under the Chairmanship of James Gulliver, our strategic aim is to obtain competitive advantage within this fast-moving sector in which we are market leaders. This will be achieved through the enhancement of product ranges combined with concerted professional support throughout the supply chain.

Strong management and financial planning are imperative to the successful execution of this strategy and this committment has already been reflected in the appointment of two Finance Directors to our four-man Main Board. To compliment and further strengthen this finance team, we have an immediate requirement for two exceptional Financial Planning Managers within the £300m turnover Furniture Division.

Analysing information, evaluating strategic business decisions and enhancing profitability will form a key part of your brief. However, your responsibilities will be far more wide ranging. You will, for example, be heavily involved in identifying profit opportunity and formulating business strategies. You will work closely with Divisional Directors ensuring action plans are implemented, and be totally committed to our business.

Pro-active, strong-willed and the ability to develop and inspire a picture of the future, you will have sound commercial and financial management experience in a fast-moving environment. A firm knowledge of financial modelling is vital as are creativity, maturity and excellent inter-personnel skills.

The initial rewards include a salary of £25k backed by a company car and other benefits. More importantly, future prospects and rewards within this dynamic and demanding environment are outstanding and totally performance related. Age indicator 25-30.

Write now, demonstrating the relevance of your experience, enclosing a full C.V. to: The Personnel Director, Lowndes Queensway Furniture, Lowndes Queensway, 76 High Street, Orpington BR6 0LX.

LOWNDES QUEENSWAY

FURNITURE

Finance Director (Designate)

Excellent Potential

FMCG subsidiary of Major PLC — c.£27,000 + car + benefits

Our client, a rapidly expanding Plc is seeking a Finance Director Designate for one of their growth orientated subsidiaries. Reporting to the Managing Director with a dotted line responsibility to the Group Finance Director, you will lead a small team responsible for the accounting and financial control of this manufacturing subsidiary, which is a household name.

Key tasks will include the timely production of financial and management information, budgeting, capital expenditure control, systems development and enhancement.

Candidates should be qualified accountants of graduate calibre, probably aged 27-33 with a strong commercial awareness preferably gained from the fmcg sector. Good computer skills and an ability to take a 'hands-on' approach are further requirements for this key position. In addition you must be highly motivated with strong leadership and intellectual qualities and be able to demonstrate first class technical and interpersonal skills.

This is a senior appointment and has excellent career prospects. Location is in the North of England and there is an attractive remuneration/relocation package for the right candidate.

If you are interested, please telephone Stuart Adamson FCA or Graham Marlow on 0532 451212 or send your CV, in confidence, quoting reference number 659, to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY.

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c.£25,000 + car

This is a headquarters level role in a large, very successful, consumer product company which is exploiting its international marketing leadership to increase its product and territorial penetration. The resulting environment is one of professionally managed business expansion to which the finance function makes a full contribution.

The headquarters finance team is small, highly skilled and very interactive. This position gives an opportunity to see the full cycle of events with a particular contribution to strategic planning and annual budget cycles, monthly reviews of operating performance, development of appropriate control systems and a variety of short term projects.

Candidates should be qualified accountants interested in establishing quickly the groundwork for a successful longer term commercial career. Some previous exposure to statutory accounting and international tax issues would be helpful. The position is based in inner West London. Relocation assistance is available if necessary.

Please apply in confidence quoting reference L403 to:–

Brian Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse

Selection & Search

FINANCE AND COMMERCIAL MANAGER

A Positive Step Towards General Management

Distribution

c.£27,000 + car — S W Midlands

THIS Is a rare opportunity for an enthusiastic, broadly based Financial Manager to take a positive step towards a General Management role with one of the world's leading manufacturers, and a major UK distributor of a range of consumer and industrial products.

The company is seeking to expand sales rapidly from its current £10m pa, and to help achieve this a more effective company organisation is being established and new premises sought for its existing 40 staff.

A high calibre Finance & Commercial Manager is now required to create and establish a credible professional accounting function, to take responsibility for a growing Customer Service activity, including purchasing and order processing, and to implement and develop financial and sales systems on the company's new IBM AS400 hardware.

Applicants for this position should be qualified accountants, probably aged 28-40 years, and already possess a successful track record, including financial management, in a fast moving, heavily computerised environment. The ability to lead and motivate a team of about a dozen staff is essential. Ambition and a determination to succeed are also vital.

Career prospects are exceptional, and along with a competitive, negotiable salary and company car, assistance with relocation expenses will be provided where appropriate.

Please write or telephone for an application form or send a detailed CV to Philip Guy, Human Resources Group, quoting **Ref: PBM/2969/PG, PA Consulting Group, 6 Highfield Road, Edgbaston,** Birmingham B15 3DJ. Tel: 021-454 5791.

PA Consulting Group

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Financial Management

Film Industry

UK–FAR EAST

£25,000 plus benefits

A leading distributor of feature films worldwide, this Group's revenues are in excess of $500 million with interests in over 50 countries.

In order to provide for the next generation of Financial Management within the Far East, they now need to recruit Far Eastern nationals to undertake comprehensive management training programmes.

Initially based at world-wide Headquarters in the UK, you will embark upon a structured training programme, commencing with a period of time in the existing audit function. Here you will obtain a thorough insight into the structure and operations of the Group. Subsequently, a transfer to one of the many Far Eastern interests will be effected in a senior capacity.

You must be:

- a professionally qualified accountant.
- a Far Eastern national, fluent in English, Mandarin and/or Cantonese.
- willing to travel extensively worldwide during the training period.

As an able communicator and effective report writer, flexibility in attitude and a willingness to view the role as a "training ground" for future advancement are of prime importance. Career prospects are outstanding.

Interested candidates should write in confidence to Nicholson International (acting consultants) at Vigilant House, 120 Wilton Road, London SW1V 1JZ, ENGLAND, quoting reference F8061 or call on 01-976 5870 for an initial discussion.

NICHOLSON INTERNATIONAL

Treasury Analyst

c. £20,000 inc. — **West End**

At the headquarters of this multi-national pharmaceutical group we seek an Analyst to join the Treasury Department which is responsible for the Group's cash resources.

Reporting to the Treasury Manager, you will be responsible for

- Compiling a number of reports at regular intervals covering the performance of the Group's surplus funds.
- Working with and deputising for the Money Dealer who manages the Group's daily UK cash position and foreign exchange activities.

Familiarity with 'IBM AT compatible' personal computers and specific software such as LOTUS 123 is essential. This job will require considerable daily use of a personal computer.

Training and 'hands on' experience in dealing in Money Market instruments will be provided as appropriate.

Applicants should have an accounting background (but not necessarily accounting qualifications) and have experience of producing accurate reports.

Salary quoted includes London Allowance and a guaranteed bonus. Other benefits include non-contributory pension and interest free season ticket loan.

Please send a detailed CV to Miss P.A. Sandry, Personnel Manager at the address below, or telephone Personnel Department ext. 300 for an application form.

Glaxo Holdings p.l.c.

Clarges House, 6-12 Clarges Street, London W1Y 8DH. Tel: 01-493 4060 Ext. 300.

Finance Director (Designate)

West Yorkshire **to £27,000+Car+Benefits**

Our client is a newly formed autonomous subsidiary of a substantial £120 million turnover Group, operating in the high technology telecommunications sector. The new company will combine the existing installation and service businesses already developed within the Group.

They now seek to appoint a Financial Controller who, reporting to the Managing Director, will assume full responsibility for all aspects of the finance function. Key areas of responsibility will include the further development of management information systems, with emphasis on strategic business planning, which will allow the incumbent to play an active role in the commercial management of the business.

Candidates, aged 28-35, will be qualified accountants who can demonstrate outstanding achievement to date, coupled with strong communication skills and the ability to make an effective contribution to the profitable development of the business.

A comprehensive package is available, including full relocation expenses where appropriate.

Interested applicants should write to James Russell, quoting ref: L8474, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: (0532) 450212).

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Accountants · Solicitors
Train In Canada For A Career In International Banking

This major international bank is offering a truly unusual opportunity to recently qualified accountants and solicitors. They seek to recruit talented young professionals with some experience of the banking world to train as fast-track commercial bankers. Successful applicants will spend a year attending the Bank's Account Manager Programme at Head Office in Canada. This course covers all aspects of Corporate Marketing and Credit Management and introduces the candidate to a wide range of Banking Products. On completion of training, these bankers will take up a middle management role in either Canada or Europe. Such individuals will be regarded as long-term global resources of the Bank, and can anticipate future high-level postings to branches around the world.

The bank is a broadly based institution whose operations cover capital markets and treasury instruments as well as the full range of corporate banking products: commercial credits, trade finance, structured finance and leasing. Their international network covers the Americas, the Middle and Far East, the UK and much of Western Europe.

Candidates for these posts should be qualified professionals with either accounting or legal backgrounds. They should be graduates aged 26-30 with a couple of years' experience gained since qualification. This experience might be gained in either a professional or a banking environment but candidates should be able to demonstrate some understanding of financing needs and of banking solutions.

The bank will reward successful applicants with an attractive Canadian package in the first instance and will provide relocation assistance. Prospects for future promotion are excellent and candidates can confidently anticipate an exciting, challenging and remunerative career.

Interested applicants should contact Mark Hartshorne on 01-831 2000 or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

HEAD OF AUDIT

HOME COUNTIES

c.£35,000 + Car + Benefits

This major international company is widely recognised as a leader in its field and enjoys a major market presence in both the UK and Europe.

The European audit function, based at Head Office, is held in high regard and now seeks to recruit a key person to lead the team. The emphasis is placed on operational review and the audit function is risk orientated, rather than transaction based.

The Head of Audit will determine international audit priorities, in conjunction with senior operational management, identify and monitor areas of corporate risk, and manage a team of travelling auditors.

The ideal candidate will be a qualified accountant (aged to 40) with experience of both audit and line accounting in a manufacturing/distribution environment. Key attributes are an analytical and creative approach to problem solving and the ability to recommend and implement change.

Success in this position will be recognised and rewarded by promotion to a financial directorship or into senior line management.

To discuss this position in further detail, please contact *Fiona Birt-Llewellin* on 01-629 4463 (evenings and weekends 01-542 2159). Alternatively, send her your CV to the address below.

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS
Cardinal House, 39-40 Albemarle St., London WIX 3FD. Tel: 01-629 4463.

CHIEF ACCOUNTANT
City **c£32,000 + Benefits**

A leading international bank, with strong capital markets interests, offers an excellent opportunity for a qualified ACA aged 28-32 to develop and managa tha accounting function. Ref. SML5356

FINANCIAL CONTROL
City **c£30,000 + Car + Benefits**

As a qualified accountant with 3 years PQE you will be respoosible for ensuring that accounting information is co-ordinated for the European Coet Ceotres of the non-trading operations of a leading securities house. Ref. CSM2740

MANAGEMENT ACCOUNTANT
City **£27,500 + Benefits**

Prestigious Japanese bank seeks a qualified accountant with a minimum of 2 years banking experience to streogthen the management reporting systems. This is a key position involving close liaison with business managers. Ref. SML5057

MIS MANAGER
City **c£25,000 + Benefits**

A leading international merchant bank eeeks a recently qualified chartered accountant to become involved in special projects and to have overall responsibility for a large team of analysts. Ref. CSM2437

FINANCIAL ACCOUNTANT
City **£24,000 + Benefits**

Highly eucceesful subsidiary of a prestigious financial services group seeks a qualified accountant aged 25 to 30 to take responsibility for management and statutory reporting and enhancing corporate profitability. Ref. HKM5730

To apply for these or other similar opportunities in London or South Essex write to or telephone

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Hoggett Bowers

Finance Controller (Director Designate)

West Midlands, ***£32,000, Car***

Part of a newly formed international manufacturing group this company is committed to the further strengthening of its dominant market position in a business which provides after-market services of sophisticated electronics equipment. They now have an immediate requirement for a key individual to join the senior management. Reporting to the managing director, your principle responsibilities will comprise the co-ordination and management of the finance function. This will encompass the development of the accounting the administration systems, financial planning and control of the business, strict credit management, and providing timely management accounting information to meet the business requirements. Aged 30-45 you will be a qualified accountant with at least five years experience as an autonomous finance manager/controller with a background demonstrating achievements in your career to-date, your experience should include the development of systems and control of a field service force. It is essential that you can adopt a hands-on approach and can communicate well at all levels. The highly attractive package includes an executive car and a relocation assistance where appropriate. Career prospects are excellent. *G.J. Deakin, Hoggett Bowers plc, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1JD, 021-455 7575, Fax: 021-454 2338. Ref: B18057/FT.*

Financial Controller

Cambridgeshire, ***To £30,000, Car, Benefits***

This is an exciting new opportunity for an ambitious, experienced professional to make a major contribution to the management and future development of this profitable £30m multi-site operation, which is rapidly becoming a major force within the meat processing industry. Our client has a well established base supplying the major national retailers, manufacturers, caterers and 'ready meal' processors using the latest and most advanced production techniques. Reporting to the managing director, responsiblity will be for the complete financial and accounting functions and for spearheading the company's current computerisation. Aged 28 plus, qualified to ACA/ACMA, you will have a proven track record and be experienced in the introduction and implementation of computerised systems. In addition to a 'hands on' and down to earth approach, your communications skills and other personal qualities of drive and tenacity will be self evident. Career prospects are excellent and relocation to this most attractive and accessible area is provided where necessary. *J. Thorne, Hoggett Bowers plc, 3 Wellington Court, Wellington Street, CAMBRIDGE, CB1 1HZ, 0223-324441, Fax: 0223-323250. Ref: F11033/FT.*

Divisional Management Accountant

Oxfordshire, ***c £25,000 Package, Benefits***

This is an outstanding opportunity to further your career in a rapidly expanding division of one of the world leaders in the chemical and pharmaceutical industries. Working as part of the finance team your role will allow you to contribute to the continued success of the division and will include the preparation of financial information, business plans, budgets and development of the accounting systems. In addition a key responsibility will be to work closely with sales and marketing on all commercial aspects of the business. Qualified with preferably three years relevant experience, you will need first class analytical skills and have gained experience with computers. The attractive package includes a fully expensed car and relocation assistance where appropriate to this attractive location. *G.J. Deakin, Hoggett Bowers plc, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1JD, 021-455 7575, Fax: 021-454 2338. Ref: B18058/FT.*

These positions are open to male or female candidates. Please send c.v. or telephone for a Personal History Form to the relevant office, quoting the appropriate reference. [illegible]

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ABBEY PLANT COMPANY LIMITED

FINANCIAL CONTROLLER

Circa £25,000 plus car and benefits

This progressive plant hire group operating in North/North East London, Hertfordshire and Essex wishes to recruit a financial controller to deal with all aspects of the group's developing financial systems and controls.

Reporting directly to the board, the successful candidate will be a qualified accountant, with relevant experience and with particular knowledge of computer based accounting systems.

Those interested should write, enclosing a full CV stating current salary and benefits to:

Hugill & Co.
Department A1
Hugill House, Swanfield Road,
Waltham Cross, Herts EN8 7JS

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22 Suffolk Street, Birmingham B1 1LS 021-643 2924

GROUP CHIEF ACCOUNTANT

Hampshire/Surrey borders c.£50k + car

Operating in an expanding high technology market, this successful £300m professional services company has over 5,000 staff worldwide and ambitious plans for the future. The current size and future plans of the business necessitate the creation of this new role.

Reporting to the finance director, the group chief accountant will be fully responsible for planning and co-ordinating the preparation of the Group's financial statements and semi-annual budgets. An initial key task will be the definition of pertinent information for local and Board management and liaison with local finance directors to ensure that this is produced on a timely and accurate basis. The position will include substantial involvement in the development of accounting and reporting systems for subsidiaries in the UK, France, Germany and the USA.

Applicants should be qualified accountants aged 35-50 with senior level experience of managing the consolidation process of a substantial international group, ideally within the service sector. Essential requirements are the ability to effect cultural change amongst senior management and operate within an informal and rapidly changing environment.

A relocation package is available if appropriate.

Please send career and personal details quoting reference F/529/A to: Carrie Andrews.

Ernst & Whinney
Executive Recruitment Services
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

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Monday - Legal Appointments
Wednesday - General Appointments
Thursday - Accountancy Appointments

Property Finance Director

West End

c£45,000 + Car

Our client is an extremely active and profitable division within a major diversified group that spans activities and services worldwide. As one of the largest profit centres within the group the property division will continue to play a key role in the future growth of the company.

As a direct result of continual new developments, both with the variety of schemes progressing in the portfolio and in terms of the management structure, a Finance Director is now sought. The role will report to the Managing Director and not only hold responsibility for the accounting function but will also cover project appraisals, acquisitions, treasury and the strengthening of the financial team supporting the division. In addition, the role will work very closely with the MD in directing the strategy and future expansion of the business.

Candidates, age indicator 35-45, will be qualified accountants who must have had property experience. That experience must also include strong interpersonal skills to liaise with both internal corporate and external parties and be backed up by a strong commercial awareness with sound financial expertise.

Please telephone or write enclosing full curriculum vitae quoting ref: 320 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Systems & Procedures Specialist

EXPATRIATE ASSIGNMENT

Jawaby Oil Service is part of the Libyan Oil and Petrochemical Industry and provides a total recruitment service in individual operating companies.

Our client, has a vacancy for a Systems & Procedures Specialist. Candidates will be qualified Accountants with a wide ranging accounting background including 10 years experience in systems procedures and controls. Duties will include evaluating and developing existing accounting procedures and systems in line with established company policy.

A comprehensive benefits package in line with expatriate employment practice is provided.

Please apply with full career details including copies of certificates and a recent photograph quoting reference WA/25 to: Recruitment Co-ordinator, Umm Al-Jawaby Oil Service Co. Ltd., 33 Cavendish Square, London W1H 9HF.

FINANCIAL CONTROLLER

£80m Multi-Site Manufacturing

£35,000 **Aged 28-32**

Our client seeks a High Flier—intellectual, professional, managerial—for this prestigious role in a major division of a 'blue chip' company.

The Financial Controller will provide leadership to a bright young team in a proactive approach to management accounting and maintaining tight financial disciplines. There is also the task of reviewing the financial systems as a new generation of IT is being introduced.

Candidates will have a very good degree and be fully qualified accountants. They will have had financial responsibility in an operational manufacturing business.

The remuneration will include a results orientated bonus, executive car, share options and relocation expenses if necessary to the company's base in Sussex.

Please write giving details of age, qualifications, experience and present salary to Mike Pugh, quoting reference 1066. (Our Fax number is 0602 484742). No information will be divulged to our client without your permission.

CB-Linnell Limited
7 College Street, Nottingham NG1 5AQ.
SEARCH & SELECTION CONSULTANTS
NOTTINGHAM - LONDON

AMNESTY INTERNATIONAL

Amensty International (AI) is an independent worldwide voluntary movement which works for the release of prisoners of conscience. seeks fair trial for political prisoners and opposes torture and death penalty in all circumstances. We are seeking to fill the following key positions:

DEPUTY SECRETARY GENERAL (DSG)

The Secretary General and two Deputy Secretary Generale provide the leedership for the 250 person staff of the International Secretariet (IS) in London, and maintain working reletions between the IS and AI sections.

The DSG (Planning and Administration) hes prime responsibility for developing AI's biennial strategic plan, monitoring income and expenditure of the Internetionel budget (currently £9 million), and for staff, budget and resource allocation. She/he has prime responsibility for the internal management and administration of the IS.

Candidates must have relevant management experience, have political judgment, be sensitive to the needs of en international multiculturel membership organization, end be committed to human rights. Candidates must have experience of strategic planning and financial control, must have experience of staffing issues and must be able to work in a management team. The ability to represent AI and to travel is essential. Cendidates must be able to communicate well in both speech and in writing. Good English is essential, other languages (particulerly Spanish, French or Arebic) highly desireble.

SALARY: £24 953 per annum
CLOSING DATE FOR COMPLETED APPLICATION FORMS:
16 JUNE 1989 (both posts)

For more information and an application form contact:
Personnel Office, Amnesty International
1 Easton Street, London WC1X 8DJ
Tel: (01) 837-3805

HEAD OF FINANCE AND ADMINISTRATION

AI needs a Head of Finance and Adminstration to be responsible for the finencial management personnel and training policies, and offices and premises management at the IS in London.

She/he is responsible for the financial management of a budget in excess of £9 million . She/he is responsible for the preparation of budget projections, and for ensuring liaison with AI sections on financial planning.

She/he is responsible for the management of 35 etaff, through three unit managers. She/he is part of the senior management group and is responsible for developing policies under his/her control, and within tha IS. She/he is the Company Secretary/of the AI Limited Companies.

Candidates must heve relevant experience end/or qualifications in financial planning end control. She/he must heve experience of menaging and supervising staff in a unit or small organization, and must have experience of initiating and implementing policies. She/he must have experience of dealing with personnel and training issues end an awareness of industrial relations. She/he should have experience of premises and office manegement and awareness of legel requirements. She/he must be sensitive to, and preferably have some experience of, the needs of a multicultural voluntary Internetional organization. Excellent English; knowledge of other languages (particularly French or Spanish) is an asset. She/he must be able to communicate well both orally and in writing.

SALARY: £18 853 per annum

amnesty international

GROUP CHIEF ACCOUNTANT

SOUTH BUCKS

c.£30,000 + Car + Benefits

Our client, a leader in its field of specialised hi-tech manufacturing, has grown to be a worldwide organisation with operations in seventeen countries and an annual turnover exceeding $100 million.

Due to a reorganisation of the finance function, the European Headquarters now seeks an ambitious individual to take responsibility for all financial and cost/management accounting of its £30 million operations in Europe, Comecom and the Middle East, leading a department of ten staff and reporting to the Financial Director.

The ideal candidate will be a graduate qualified accountant aged to 35 with a background in the manufacturing sector and should be used to US companies or businesses with a similar 'fast moving' environment. Knowledge of a European language would be a distinct advantage, although not essential.

The role will appeal to a generalist from a smaller company seeking a move to a larger and more sophisticated environment or a specialist from a major company wishing to broaden their experience.

For further details contact *Adrian Barrett* on 0734 391003 (evenings and weekends 0442 85369). Alternatively write enclosing a full Curriculum Vitae quoting Ref RG762.

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS
15 STATION ROAD, READING, BERKS RG1 1LG. TEL: 0734 391003.

RAPID RECALL

FINANCE DIRECTOR [DESIGNATE]

Computer Industry

C. £40K + Executive Car , Bonus, Options **Thames Valley**

Rapid Recall is a leading independent supplier of computer systems and support services in the UK. Established in 1975, we have grown to a company with 230 staff and a turnover approaching £50 million and are the major UK part of the leading European computer group, Metrologie Internationale SA.

Our success is built on both vigorous attention to our customers needs and employing people with professionalism, drive and flexibility. Our style is open and results-orientated, rewarding personal initiative within a teamworking culture.

We now have an opportunity for a high-calibre individual, whose career is definitely fast-track, to join our senior management team as Finance Director (Designate). Key responsibilities will include management of the Finance and Treasury functions and giving strategic input to the overall business direction.

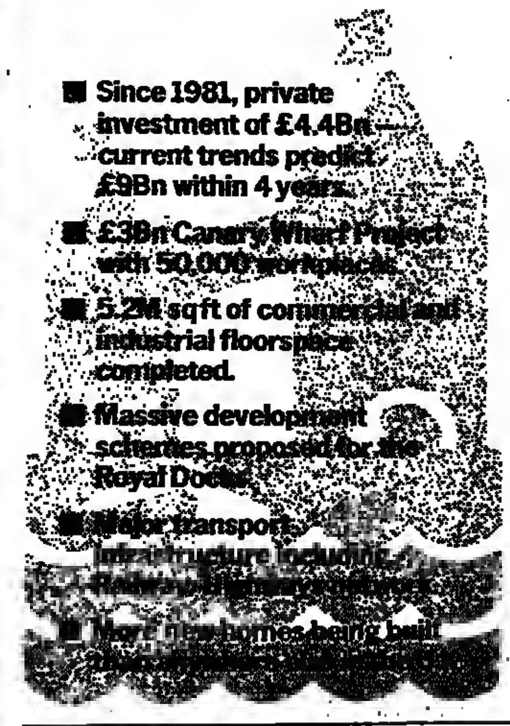
In your late 20's to mid 30's, with at least 5 years post -qualification experience, you will currently be responsible for the finance department, ideally in a fast-moving business. You will have excellent managerial and interpersonal skills and be equally comfortable at both operational and strategic levels. In addition, a working knowledge of French would be helpful, but not essential.

We can offer an excellent package of salary c. £40k, performance-related bonus, share-options, private health, life assurance, pension scheme and an executive quality car.

Please write, enclosing a full up to date curriculum vitae stating current salary to Ed Marsh, Personnel Manager, Rapid Recall Limited, Rapid House, Denmark Street, High Wycombe, Bucks, HP11 2ER.

Financial & Economic Analyst

Up to £20,877+ Lease Car



Remarkable success is being achieved in the regeneration of London Docklands. The scope of the Development Corporation's task includes direct investment in an intensive project programme of reclamation, transport and services infrastructure, and environmental works as well as sales, marketing, employment and community projects. Expenditure, funded by grant and land disposal receipts, is planned at £170M in the current financial year.

Based in the Wapping Area Team and reporting to both the Corporation's Assistant Financial Controller and the Area Director, this role provides a full financial service to the Area Team. Duties will include the financial and economic evaluation of projects, budgetary and cost control, the monitoring of a large capital/income and expenditure programme and key economic development projects.

Applicants should hold a recognised UK accountancy qualification or be able to demonstrate significant experience of financial and economic analysis.

Candidates should write for an application form to: **Mr Chris Woodman, Senior Personnel Officer, London Docklands Development Corporation, Unit A, Great Eastern Enterprise, Millharbour, London E14 9TJ.**

Applications will be reviewed on **Monday 22nd May, 1989.**

An Equal Opportunities Employer.

London Docklands

Financial Controller

EAST MIDLANDS, c£27,000 + BONUS + CAR

This 550m turnover company operates in one of the country's most buoyant service sectors. They have experienced strong organic and acquisitive growth and are acknowledged as one of the clear UK leaders in their market. Competition is fierce with the emphasis on providing a service which reacts quickly and effectively to ever more demanding customer requirements.

You will report to the Director - Finance and Administration, with line responsibility for your own head office team and a reporting responsibility for regionally based Financial Managers. You will be expected to ensure timely, accurate and consistent reporting of consolidated data and interpret performance for senior management. Emphasis will be on the analysis of period reports, with action orientated recommendations to senior management. You will assist in the evaluation of potential acquisitions and play a positive role in budget setting. The next year will see many changes in systems and you will play your part in their implementation.

A qualified Accountant, you will probably be aged in your early to mid 30's. Your track record must indicate strengths in planning and control and your experience will ideally have been gained in a multi-site business. You will need considerable strength of character and self confidence to deal with hard nosed and demanding line managers. This is a high profile position and success in it will logically lead to considerable progression in the group.

Please write, enclosing a full career résumé which includes a day time telephone number and an indication of present salary, to David Owens, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT, quoting reference D322.

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FINANCIAL CONTROLLER

Home Counties

c.£30K + Car etc

Our client a major European group with excellent profitability and with several operating companies in the UK, intends to appoint a first class Accountant to manage the finance function of one of the UK companies.

The Controller and his/her staff will provide a comprehensive service to the UK operation comprising management reports, consolidations, taxation, project accounting and year-end accounts.

The appointee will be of CA status, aged c.40 and will be computer literate. He/she will be both adaptable, versatile and an excellent communicator who can quickly establish a working rapport with the managers of the UK operation whilst surviving the pressures they generate.

An excellent salary and car will be offered with family health cover, pension and life assurance included. Future career prospects are also good.

Please write in confidence quoting Ref. 601/FT to: JPW Recruitment Advertising Ltd, Chancery House, 53/64 Chancery Lane, London WC2A 1QX.

JPW
Recruitment Advertising

Senior Financial Controller

£25,000 – £30,000 Plus Car and Benefits

A dynamic and professional accountant is required for a highly successful advertising and direct marketing agency. The company is achieving a remarkable rate of expansion, consistently winning valuable new business as well as developing its blue-chip client list.

Satellite companies have already been established to work in the telemarketing and the public relations areas and future plans include the development of in-house studio facilities.

The Senior Financial Controller will be joining the agency at an exiting phase in its development and will need to be a highly flexible and intelligent individual with the potential to grow with the company. The job will involve supervising an accounts team of three people, producing monthly management information and work as part of the management team, making recommendations on financial issues.

The successful candidate will be a qualified accountant, with four years' post qualification experience. He or she will ideally be in the 30 to 35 age range, as the agency consists predominantly of young staff. Strong computer skills are essential, as the company is quickly outgrowing its present system.

Ideally, candidates will have some knowledge of advertising, having either worked in the area within an agency, or handling the audit of a media company within an accountancy practice. Client-side experience is also necessary and this should have been gained in a service industry.

Please write, in confidence, to Kelly Iriondo at the address below, quoting ref. no. SHA,1196

Stoy Hayward Associates

MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA FAX: 01-487 3686

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Group Accountant

Surrey

c£25,000 + Bonus + Car

Our client is a UK plc that manufactures and distributes household named products and has a turnover approaching £300m.

The role will report to the Assistant Controller as part of a young head office team. Duties will encompass post acquisitions projects, financial reporting, taxation and treasury matters. The role will involve substantial liaison with divisional management.

Candidates should be qualified graduate accountants, age indicator 24–26, with good communication skills, business acumen and financial analysis ability. Future opportunities for career development are excellent as this group plans further expansion in the UK and overseas.

Please telephone or write enclosing full curriculum vitae quoting ref: 321 to: Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE

Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Finance Entrepreneur

Acquisition Specialist

c £50,000 plus

Melton Medes Limited is a highly successful international private company with interests ranging from manufacturing, printing and construction to healthcare. Through skilful and aggressive acquisitions the group has grown rapidly to over £150 million turnover within six years of inception and has further ambitious expansion plans. The group also has major stakes in Public Companies.

In support of the growth plans our client requires a high calibre, enterprising director who will report to and work closely with the Chairman. The main role will be to implement acquisition policy. In addition the director will be the group representative for a number of autonomous subsidiaries for which he will be responsible. With a high degree of autonomy, this challenging position offers a superb opportunity to work at the highest levels in industry and within the City.

Applicants should have extensive experience of all aspects of the acquisition and disposal process from initial strategy through to funding and contract negotiation. They must be personable self starters, with the ability to take decisions and the intellect and energy to work at senior level in a dynamic environment. Age is not important.

Personal characteristics are as important as technical skills and this demanding role requires a high degree of drive and energy. Strong negotiating skills are essential, coupled with a sense of tact and diplomacy. An applicant should be equally at home in the boardroom and on the factory floor.

This is a rare opportunity to join one of the UK's most successful companies and salary, for the right person, will not be a limiting factor. With job satisfaction, and excellent remuneration, the rewards of this challenging position are high. So, however, are the demands: those who prefer a passive role should not apply. Location is preferably East Midlands. Please write with career details and current salary quoting reference MCS/2046 to Geoff Firmin, Executive Selection Division, Price Waterhouse, Management Consultants, Victoria House, 76 Milton Street, Nottingham NG1 3QY

MELTON MEDES

Price Waterhouse

Financial Planning Manager

West Yorkshire

c £40,000 package + car

Our client is a major name in the competitive field of financial services. Recent successes and new developments have created an opportunity to join this progressive organisation as a senior member of the Finance Team.

Working closely with the strategic planning and corporate finance teams you will evaluate and project the financial implications and feasibility of proposed business plans for the Group and ensure that there is a sound financial and commercial basis to options considered for the future. You will also work closely with the Group's Treasury Function in establishing capital plans and monitoring of Asset and Liability management policies. Working with the Heads of Finance in subsidiary companies, you will also be responsible for group budgetary control, investment appraisal, performance monitoring and analysis.

As an emerging integrated financial services group in a highly competitive environment, the application of highly developed sophisticated management performance systems is seen as crucial to the organisation's future successes. Candidates must be able to design and support implementation of management control systems.

A graduate qualified Accountant or MBA, you should have considerable experience of financial planning, modelling, acquisition evaluation and budgetary control. You must also have flair, initiative and excellent interpersonal skills. The successful candidate will be capable of being considered for the role of Group Financial Controller.

The excellent salary package includes a concessionary mortgage, BUPA, pension scheme, profit related bonus and relocation where appropriate.

Please send full career details, clearly demonstrating the relevance of your experience and giving your current salary package. Your application will be forwarded to our client unopened. (Please address for the attention of Security Manager if listing companies to whom details should not be sent.) Ref. LH 38 PA Consulting Group, Advertising and Communications, 15 St Pauls Street, Leeds LS1 2JG.

PA Consulting Group

HUMAN RESOURCES

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Remuneration Planning Consultant

£25,000 - £30,000 + car

Executive Benefit Services

Price Waterhouse has recently set up a specialist division dealing with the rapidly developing and highly topical issues of Executive Benefits. Increased demand for their high quality services has stimulated a need for a further consultant to work in the remuneration planning section.

The appointment involves assisting clients in developing strategic reward systems using the most advanced remuneration techniques.

- Roll-up and continuous deferred remuneration plans.
- Multiple-tier executive incentive schemes.
- Controlled reward modelling for cash and share incentives.

Your responsibilities will bring you into contact with a wide range of clients in many industries.

Ideally you should be a qualified accountant, lawyer or member of the Institute of Taxation with experience of share option schemes, Schedule E, CGT, NIC's and expatriate tax. You should be aware of the impact on business of employee remuneration planning.

We are looking particularly for bright, ambitious, young professionals with the ability to inspire confidence in clients at high level meetings and make an important contribution to the growth of this new division.

The remuneration package is competitive with excellent prospects for rapid promotion. Please write with CV to:

Annie Ogle, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY

Price Waterhouse

OFFICES AT: LONDON • ABERDEEN • BIRMINGHAM • BRISTOL • CARDIFF • EDINBURGH • GLASGOW • LEEDS • LEICESTER • LIVERPOOL • MANCHESTER • MIDDLESBROUGH • NEWCASTLE • NOTTINGHAM • REDHILL • ST. ALBANS • SOUTHAMPTON • WINDSOR • ASSOCIATED FIRMS IN IRELAND AND THE CHANNEL ISLANDS

SYSTEMS LIAISON

Financial Services **To £27,000**
C. London. **+ Banking Bfts**

International Merchant banking remains one of the most challenging and rapidly developing sectors for accountants looking for fast-track careers, and our client is at the forefront of all areas of new business development.

They now seek to recruit a systems/project accountant to be responsible for the development of systems in these new areas, with a view to creating a consultancy team capable of high level review and implementation of new ideas. Planned growth will lead to many new and varied assignments providing ambitious candidates with an excellent grounding in all the bank's diverse areas.

Candidates aged 24-30 should be fully qualified accountants with a special interest in systems work. The excellent benefits package includes a generous mortgage subsidy.

Interested applicants should call Lee Acton, quoting Ref: AA 320.

FINANCIAL MANAGEMENT

Start up operation **£27,000 + car**
Cambridge.

A fore-runner in a new field of telecommunications, our client is uniquely placed to exploit the expansion of its market. With the backing of a consortium comprising three multi-national organisations, the firm can expect to enjoy exponential growth. Openings now exist for three qualified accountants to join this dynamic team within financial control, treasury, and planning management. Each appointee will be in charge of fully developing their own roles.

These are key appointments and the successful candidates can expect immediate front-line business involvement. They must possess well developed technical skills and be committed to the future of the company.

Interested applicants should call Fergus Hooley, quoting Ref: AA 93.

HUDSON SHRIBMAN

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FINANCIAL RECRUITMENT

DUNLOP SLAZENGER INTERNATIONAL LIMITED

PARIS

CHIEF FINANCIAL OFFICER

c£30,000 (Equivalent)+Relocation+Benefits

If you would like a career within the Dunlop Slazenger International Group based in our Paris offices then we have the resources to match your aspirations.

You will be reporting to the Group Financial Controller and will manage 15 staff. Financial and Administration control will require your keen commercial acumen and system skills with emphasis upon sales, purchases and warehouse distribution.

You should be a QUALIFIED ACCOUNTANT and be **fluent in French.** Challenging prospects will ensure your career keeps pace with our *worldwide* reputation as market leaders in the field of sports and leisure.

For further information contact: Accountancy Personnel, 2nd Floor, Pearl Assurance House, High Street, Woking, Surrey GU21 1YJ Tel: 0483 757774

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A HAYS PERSONNEL SERVICES LIMITED COMPANY

INTERNATIONAL BANK located in LUXEMBURG

undergoing a rapid expansion

seeks to strengthen their accounting group by appointing a (m/f)

BANK ACCOUNTING OFFICER

He/she will be a certified accountant with banking experience in a general operations department. The successful candidate will be responsible for a number of key information areas. Knowledgeable in the drawing up of financial plans, IML reports and establishing the Anglo-Saxon shareholders reports, the right candidate showing good potential will be able to undertake a wide range of operations that will contribute to the bank's development, thus allowing scope for career advancement.

If you feel you have the right experience and are perfectly bilingual in French and English, please contact our consultant to set up a meeting. All applications will be treated in the strictest of confidence. Tel.: 01032 2/771.72.61

Mrs. D. van TURENHOUDT specialist in the recruiting of financial personnel, avenue de Mai 38, 1200 Brussels.

Brussels-Luxemburg-London-Paris

FINANCIAL CONTROLLER

CASSELL

£25,000 P.A. + car/benefits

Cassel is a rapidly expanding independent book publishing company specialising in the trade, educational and reference sectors.

Turnover is expected to be in excess of £10m in 1989 and has increased threefold over the last three years mainly by acquisition.

As a result of this growth the Company needs to recruit a Financial Controller to be responsible for the financial and management accounting function and head a small team of eight people. The position will report to the Financial Director.

Candidates will be ambitious, energetic, qualified accountants preferably with a strong commercial background in financial management and with a good knowledge of computerised systems. Age range 25 - 35.

Please write in confidence, enclosing a comprehensive CV including current remuneration to:-

F J Rosey, Financial Director, Cassell PLC, Artillery House, Artillery Row, LONDON SW1P 1RT. Tel: 01-222 7676

• VENTURE CAPITAL •

Outstanding ACAs **c£30K package + bonus**

Building upon an enviable reputation, this division of a leading UK Merchant Bank plans to increase the strength of its Venture Capital teams through an uncompromising recruitment policy of selecting only the best talents available.

As part of this process, they require a small number of exceptional young Chartered Accountants (aged mid-late 20s) who possess impeccable Academic and Professional Qualifications and whose technical skills — honed during circa two years' PQE in Industry, Commerce or the Profession — will make a significant contribution towards the provision of Development Finance for a diverse UK and International client portfolio.

Equally important, candidates will be eager to assist companies at the post-investment stage, and will derive immense satisfaction from seeing a project through to its successful conclusion.

These positions carry immediate responsibility since our client is seeking Management Potential for the early 1990s.

HMA RECRUITMENT

For further information write to Michael Masterson, H.M.A. Recruitment, Chancery House, 53/64 Chancery Lane, London WC2A 1QS, enclosing your curriculum vitae. Telephone 01-242 1822. Fax 01-831 6425.

Financial Director

TO £35,000 + CAR
HOME COUNTIES/M4 CORRIDOR

For this internationally based manufacturer of specialist construction equipment, which has through technical innovation, product performance and reliability, secured an enviable reputation as a prime supplier worldwide. Organisational restructuring of its UK subsidiaries, where turnover is now planned to exceed £20m, has resulted in the need to strengthen the management team by the appointment of an experienced financial manager.

In this newly created post you will have total responsibility for the financial functions of both the domestic sales and servicing and international trading operations. You will be expected to make a significant contribution to decision making across the entire spectrum of business activities and be instrumental in driving forward financial performance. The brief includes the further development of financial and management information systems, control and administrative procedures and management reporting requirements.

A qualified accountant,probably in the age range 28-35, you must have a sound knowledge of the commercial requirements of international trading, in addition to proven technical and financial skills. Direct involvement in management information and integrated financial systems are prerequisites.Relevant post qualifying experience is important, ideally gained in an international group engaged in contracting and/or the sale of capital equipment. The ability to manage and motivate a small team and the personal standing to be of influence at board level is essential.

Please send résumés, including details of present remuneration and giving a daytime telephone number to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG quoting reference AE548.

Executive Resourcing | Coopers & Lybrand

Finance Director

Maidenhead | *c.£40,000+ excellent benefits*

Our client is a leading pharmaceutical company which is part of an international healthcare organisation. With an established range of mature products they are continuing extensive research into the development of new products for the 1990's.

Reporting to the Managing Director, you will have a substantial role, acting as business advisor, in planning the future development of the business. Key responsibilities will include strategic planning, control of the finance function and providing financial input for decision making purposes.

You will be a Qualified Accountant in your mid to late 30's; senior management experience should have been gained within a challenging environment, possibly within an industry which is undergoing substantial change. You must have a creative and proactive approach and the flexibility to succeed in this demanding environment.

The remuneration package will include a performance related bonus, non-contributory pension and the opportunity to participate in a share option scheme.

Please send full personal and career details in confidence to Charles Vallee, quoting reference 5250/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

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Operating in more than 80 countries around the world and well placed to meet the challenges of 1992, our client, Commercial Union, is one of Britain's leading financial services groups.

The continued development of new and existing markets has resulted in the creation of a number of rewarding career positions involving responsibility for a variety of special projects, the development of financial controls/reporting procedures and the enhancement of management information.

For further information contact:
Accountancy Personnel,
33 George Street
Croydon CR0 1LB.
Tel: 01-686 4686.

DIVISIONAL FINANCIAL CONTROLLER

SURREY **£24,000+CAR+BENS.**

A newly created post for a qualified accountant with 3 years p.q.e. in a manufacturing environment to take responsibility for the daily running of the accounts functions for a number of subsidiaries within an international group. Displaying extensive management skills and the ability to communicate at all levels, the successful candidate will also be involved in the development and implementation of computerised accounting systems with emphasis towards management reporting and cost analysis. Superb benefits package. (Ref. JN 024).

For further information contact:
Accountancy Personnel,
72-74 High Street,
Guildford GU1 3HE.
Tel: 0483 64692

FIRST TIME PASSES?

CENTRAL LONDON **£27,000+CAR+LARGE CO. BENS.**

One of the largest international oil companies in the world is offering an outstanding career opportunity to a dynamic young Accountant with ambition and a first class record of achievement.

Financial reporting, systems development, spreadsheet modelling, management information, taxation, consolidations this is a truly interesting role. Prospects are excellent, there are a number of possible career paths and promotion is envisaged after 12-18 months. You should be ACA/ACCA/ICMA qualified (within 2 attempts) and wish to work for a large and successful corporation.

If you would like to apply for this challenging position, then please telephone or write quoting (on the front of your letter if writing): Ref. JW/SK.

For further information contact:
Accountancy Personnel,
36-44 Moorgate,
London EC2R 6EL.
Tel: 01-638 3955.

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A HAYS PERSONNEL SERVICES LIMITED COMPANY

YOUNG FINANCIAL ACCOUNTANT

VICTORIA, SW1 - c.£25k + CAR + BENEFITS

Iron Trades Insurance Group is a growing force in general insurance. Operating mainly through brokers, we have assets of over £500 million and a premium income in excess of £120 million.

Responding to the changing needs of today's dynamic market, we are implementing a major reorganisation programme to allow our competitive edge to cut even deeper into new market areas.

At the heart of this new drive for change, we're looking for an ambitious young Financial Accountant to control a busy team of eight. Responsible for the compilation of annual accounts, forecasts and management information for two of our major operating companies, you will also play a key role in the planning and development of new financial systems, review of statistical data and formulation of projections.

Based at our head office in Victoria, this is a varied and rewarding career opportunity which calls for first-class man management and communication skills. Qualified to ACA/ACCA/CIMA standard, you should have several years' commercial experience together with the personality and drive to succeed in a progressive, fast-paced environment. Previous insurance experience, although advantageous, is not essential.

As well as excellent career prospects you'll enjoy a starting salary of £25,000 and comprehensive benefits including company car, mortgage assistance and non-contributory pension scheme.

Please write with full career details to:
Janis Quinn, Personnel Officer,
Iron Trades Insurance Company,
Iron Trades House,
21-24 Grosvenor Place, London
SW1X 7JA. Tel: 01-235 6033.

IRON TRADES
Insurance Group

EUROPEAN ACCOUNTANT

Purley, Surrey c £28,000 + car

EMC² is a leading manufacturer of peripheral equipment for mainframe and mini computers. Headquartered in Boston, Massachusetts, the company is now looking for an experienced qualified Accountant to be based in the European Headquarters at Purley, Surrey.

Reporting to the European Controller, the ideal candidate will have the following background:-

1) Accounting qualification obtained in leading professional firm
2) Experience of USA and European reporting requirements
3) Strong familiarity with PCs and computerised business systems
4) Understanding of Foreign Exchange exposure management
5) Knowledge of French and/or German

If you are interested in the above position, please send your CV including recent photograph to Mr C Pattison, EMC Computer Systems (UK) Ltd, EMC House, 814 Brighton Road, Purley, Surrey CR2 2BR.

Commercial Controller

City **Salary to £40,000 + benefits**

Our client, an established and well-respected Securities House, is dedicated to maintaining its lead in an increasingly competitive market place. They aim to achieve their objectives by keeping abreast of the latest business products and methodologies available, and by utilising them to their fullest advantage. As a consequence, they have identified the need for a commercially aware Controller to put their ambitious plans into action.

Reporting to the Director of Finance and Administration the appointee will play a major role in the firm's future growth and development.

Candidates must be qualified Chartered Accountants with at least two years experience within the Securities Industry. They should be familiar with computerised settlement and accounting systems, and possess a well-developed sense of commercial awareness, and entrepreneurial spirit, enabling them to identify profitable business areas and participate at senior level in acquisition negotiations. Candidates should be aged between 32 to 40 years.

Excellent prospects exist in line with the firm's predicted growth. Interested candidates, who meet these criteria should send a detailed curriculum vitae including current salary and daytime telephone number to Carol Jardine quoting reference LM1600 to Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Finance Manager

Davy McDermott, a major British company specialising in the design and project management of offshore oil and gas installations, is seeking an experienced Finance Manager to assist the Company with its expansion and development plans.

You will report directly to the Managing Director and join an established and highly motivated senior management team. Responsibilities will include managing the financial aspects of the Company's operations and advising management on the commercial considerations of a wide range of business options.

We are looking for an experienced senior accountant who is well used to pressure and responsibility and has good communication and interpersonal skills. It is unlikely that applicants below their mid-30s will have the required experience and maturity for this demanding role.

The substantial salary and benefits package is all that would be expected from a major employer.

In the first instance, please contact Raymond J. Bettiss, Divisional Director of Personnel on 01-903 1333 for further information or send your C.V. to him at Davy McDermott Limited, McDermott House, 140 Wembley Park Drive, Wembley, Middlesex HA9 8JD.

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Aged under 40, salary package commensurate with the position taking into account age and experience.

Write with full c.v. in the first instance to:

Mrs. J.M. Drysdale
Gooda Walker Ltd.,
Chesterfield House,
26/28 Fenchurch Street
London, EC3M 3DQ.

FINANCE DIRECTOR REQUIRED

for fast-expanding acquisitive plc. The right person will be part of a dynamic team. Remuneration negotiable and equity participation expected.

Write Box A1218, Financial Times, One Southwark Bridge, London SE1 9HL

Manager Performance Reviews

NW Surrey **around £38,000 + car**

Large multi-national manufacturing group seeks a financial manager to investigate and report on comparative performance and disciplines of operating companies in this country and overseas. Travel would be primarily in the UK and Europe. Preferred age 30-42.

Candidates will be qualified accountants accustomed to multi-national operations in the profession and/or industry. Creative ability, application and interpersonal skills are essential. Prospects are excellent.

For fuller details write in confidence to W T Agar at JC&P, 104 Marylebone Lane, London W1M 5FU demonstrating your relevance clearly and quoting 2302/FT.

John Courtis & Partners
Search and Selection

OPERATIONAL AUDITOR

The Penguin Group is looking for an Operational Auditor to join its newly created Operational Audit Department based at our Harmondsworth offices.

The work of the department is wide ranging and varied as would be expected in this large and expanding international publishing group.

Initially the audit coverage will be in the U.K. but as the department establishes itself, opportunities may develop to undertake audits in the Group's group companies in the U.S.A., Canada, Australia and New Zealand.

The requirement is for a qualified Accountant with operational audit experience, who is prepared to adopt a flexible approach in this challenging environment.

Penguin offer an excellent benefit package including Private Health Care, and Pension Scheme.

If you are interested in this position and would like an application form, please telephone 01-759 2460 (24 hours), quote reference AUD/7 and leave your name and address.

THE PENGUIN GROUP
We welcome applications from all sections of the community.

HIGH FLYER

c£30,000 **CENTRAL LONDON**

Our Client, a highly successful two partner firm of Chartered Accountants, seek and individual aged 26-35 with a "shirt sleeve approach" to assist with the running of this practice. You will be ambitious, hard working, technically aware and keen to progress to Partnership level within the near future.

Please contact David Paton, on 580-5522 alternatively send your CV to: Executive Search Division, Hynes Associates Ltd, Wells House, 77-79 Wells Street, London, W1.

Appointments Advertising appears every

Monday	-	Legal Appointments
Wednesday	-	General Appointments
Thursday	-	Accountancy Appointments